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Daily Report

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EU: EU Rebuffs U.S. Telecom Offer

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in English 14-20 Mar 96 p29

[Article by Fiona McHugh: "Union Rebuffs U.S. Phone Deal"]

[FBIS Transcribed Text] Negotiators in the World Trade Organisation [WTO] telecoms liberalisation talks have launched a final push to wrap up a global deal by the end of April but, despite the recent narrowing of differences, agreement still remains out of reach.

The latest version of the American offer, unveiled last week amid much fanfare and positive press coverage, would grant unrestricted access to local US phone services as well as long-distance and international traffic.

Jeffrey Lang, the US chief negotiator, trumpeted the package as the best deal available, saying that, when it came to opening telephone markets, America, unfortunately, knew no rivals.

He said the offer testified to his country's commitment to roll back existing restrictions on competition at the local level in line with new laws liberalising the domestic telecoms sector signed by President Bill Clinton earlier this month.

But, while American officials congratulated themselves, EU negotiators poured cold water on their enthusiasm, insisting that beneath the offer's inviting surface lay a number of potentially fatal booby-traps.

"Yes, yes, I suppose you could say it is a good offer, but you could also say that it is far from perfect," said one of the Union's senior negotiators. "There are a number of crucial barriers to phone trade still standing"

Top of the list of European grievances is the deal's failure to dismantle existing restrictions on entry into the US. While foreign operators would be free to provide phone services and build infrastructure throughout the US, they would not be allowed to operate across the Atlantic on their own.

Control of satellite communications would remain firmly in American hands and the laying of underwater phone wires by foreigners would be strictly forbidden.

What this means in essence is that European companies such as British Telecom or Deutsche Telekom would have to pay a toll to run their services along transatlantic infrastructure or air waves owned by American rivals, if they wanted to do business in the US.

"If our companies cannot get in by air or by sea, then there remains a big, big problem," said the EU negotiator. "The US would argue that European firms could

always come in by connecting to existing American wires, but as far as we are concerned that would not be satisfactory. Our companies want to provide their own facilities."

Also causing grave concern in EU circles is the US decision to maintain restrictions on the foreign ownership of radio licences. Given the low cost of providing wireless services compared to wired ones, such licences are becoming increasingly precious to phone firms.

But under the latest offer, only companies which are 80 percent US-owned would be entitled to radio permits.

European phone firms hoping to provide services over the air would have to set up a US-based holding company.

"A company which is 30 percent European, for instance, would not be allowed to directly hold a licence and that is totally unacceptable. The future is, to a large extent, in mobile communications - they are cheaper because they do not involve road digging"

But if the EU is angry, so too is the US. It rebuked the Union in the strongest terms last week for clinging to 'protectionist' foreign ownership rules, saying the bloc's inadequate offer had set a poor example to developing countries.

Lang, giving vent to American frustration with the Union, accused the bloc of intransigence and said its failure to budge on key issues had given others an excuse for inflexibility.

France, Spain, Portugal and Belgium have so far insisted on keeping tight restrictions on foreign investment in their phone industries, while Spain and Portugal have refused to open up their markets to international competition before 2003.

"Publicly, Spain has promised to open its market to other European companies by 1998 and Portugal has agreed to liberalise by 2000, but both are refusing to extend those promises to international firms. Meanwhile, Spanish operators are gobbling up markets in Latin America - it is simply not fair. We feel very strongly about that," said one US official.

The Commission, keen not to further rankle the US, has tried to prod the four into making concessions, but its efforts have so far been met with hostility.

Despite their differences, however, the two blocs, with a lot of effort and a few more arguments, could probably still reach agreement by the end of April. Less certain, however, are their chances of getting ASEAN countries and Canada on board.

Canada, Japan and Korea each have huge phone markets which they are keeping firmly under lock and key. In each country, overseas competitors may only own approximately 30 percent of local phone companies, which means outsiders could never exercise control over them.

With the clock ticking away towards the deadline for a deal and a lot of ground still to be covered, Trade Commissioner Sir Leon Brittan has thrown down the gauntlet to Asian governments, challenging them to throw open their phone markets to international competition.

He chastised Japan, South Korea and the South-East Asian countries which attended this month's Asia-Europe summit in Bangkok for dragging their feet in the WTO talks.

"Not one of these nations has yet offered the kind of comprehensive, effective access to this market that we will need to make a success of the negotiations by the April 30 deadline," he told a group of businessmen in Brussels this week.

Striking a more conciliatory note, he added: "There could be no better way of fleshing out the new Asia-Europe partnership than for all countries to sign up to an ambitious telecoms deal."

More than half of the countries taking part in the WTO talks have yet to offer any liberalisation measures, while most of those on the table are considered inadequate by both the EU and the US.

Despite these huge obstacles, European officials say they are confident that a substantial accord will be reached before the deadline.

The US has said, however, that it would prefer to settle for an agreement which would partially liberalise basic telecoms rather than see negotiations drag on beyond the April date.

But the EU is vehemently opposed to the US suggestion of a piecemeal approach to world liberalization, insisting it would be better to delay talks than opt for a partial deal.

American officials argue that unless more governments translate vague promises into formal commitments, it would be better to conclude a limited deal and return to negotiations later this decade rather than go away empty handed.

Washington would be ready to guarantee phone companies from other countries the freedom to offer long-distance and local phone services in its domestic market on a quid pro quo basis. Foreign firms would only be granted authorisation to operate international phone

services from inside the US if their home markets were deemed sufficiently open to American operators.

The US has also said it would only make its offer binding if a "critical mass" of other WTO members made similar satisfactory liberalization offers and appropriate competitive rules were agreed.

The latter would prevent dominant operators from abusing their market position and network ownership to squeeze out new entrants.

America's willingness to go for a nearly-but-not-quite accord can probably be put down to its desire to avoid a repeat performance of last year's WTO financial services negotiations, when it was widely criticized for not participating in the final agreement.

International: Sharm al-Shaykh Summit Reaction Roundup

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[FBIS Report] Paris dailies on 14 March carry several commentaries and articles on the outcome of the Sharm al-Shaykh antiterrorism summit.

Right-of-center LE FIGARO carries a front-page editorial on the antiterrorism summit. According to the editorialist, the summit "received excessive media exposure, and it appeared too election-oriented and too improvised to really be credible." He deplores the lack of "tangible measures," adding that "speeches of benediction, televised hugging and kissing, and petitions of principle will not suffice to eradicate the terrorism that has ravaged the Middle East for so many years now." Nevertheless he thinks that the summit "marks a historic step."

Editorialist Jacques Amalric in an article on page 2 in left-of-center LIBERATION underscores the electoral stakes underlying the summit. In his opinion, "the most spectacular aspect of the summit lies in Clinton's full commitment to the Israeli-Palestinian peace process alongside Peres and not too distant from 'Arafat. Although it does no more than confirm the peace accords signed in the White House in 1993, this confirmation is nevertheless exceptional in so far as it takes place less than three months before the Israeli legislative elections and before the U.S. presidential election in November. Given the large Jewish electorate in the United States, it is easy to see the political return of this enterprise."

Jean-Pierre Perrin, also writing in LIBERATION in a commentary on pages 2 and 3, deplores the final communique's lack of substance. He observes that "the final communique basically enumerates pious intentions." He highlights the electoral concerns behind the summit and

writes that "the summit also appears to be an electoral operation set up for the benefit of Clinton, Yeltsin, and especially Peres who hoped, with less than three months to go till the Israeli elections, that the summit would reassure his potential voters." He quotes a French diplomat as saying: "Just like in the Gulf war, the line of U.S. sentiments crosses that of their mean, selfish interests at this summit. In any case it is a big success for the United States."

In an article on page 3 of the same paper, Christophe Boltanski feels that the "outcome of the summit — which had two objectives: to save the peace process and to fight terrorism — is rather meager." He writes that "Peres achieved a diplomatic success while the outcome of the meeting for 'Arafat is rather mitigated." He goes on to deplore the fact that "no tangible measure is listed in the communique."

Pierre Haski, writing on page 4 of the same daily, lauds Chirac's role at the summit. He writes "Chirac is gradually making an impressive political comeback on the Mideast scene as if he is seeking to revive 'the French policy toward the Arab world' advocated by Gaullist dogma. He remarks on French-U.S. rivalry in the Mideast and writes that "as usual, France succeeded in getting its voice heard by distancing itself from the U.S. — all powerful in this part of the world."

Writing in financial daily LA TRIBUNE DESFOSSES, Alain Baron, in a commentary on page 2, says that "Israel has achieved a remarkable political and diplomatic success by securing a commitment to fight terrorism not only from the Western powers — its traditional allies — but also from several Arab countries."

Editorialist Francoise Crouigneau, writing on page 4 of business daily LES ECHOS, remarks that "the summit was more than just a diplomatic exercise or one of those showbiz operation the Americans are so good at. Of course the satisfaction shown at the end of the summit was proportional to the fears it aroused: excessive. However the signal is stronger and better balanced than expected. Who could have imagined that it would be possible to reconcile the priorities of the United States and Israel with those of Europe and the Palestinians. After being absent for too long in a region crucial to international stability, Europe has finally taken up a position in the front line again. Be that as it may, it is still a long way from being a counterweight to the Pax Americana. The united front presented by the Europeans in Palermo last weekend has borne fruit. Indeed the EU could now envisage engaging in a new type of dialogue with those Mideast countries which regularly seek its cooperation without taking its political role seriously."

"Although one may deplore the ambiguities, the things left unsaid about Iran and Syria, and Clinton's and Peres' overly symbolic performance, this summit will nonetheless leave behind it a fragile but real message of hope."

Ugo Tramballi, in a commentary on page 4 of centrist Milan financial daily IL SOLE 24 ORE, remarks that "if the objective was to defeat or at least to frighten the terrorists," the summit was a failure, but if the summit's "object" was the Arab-Israeli peace process, "it was a useful meeting." Tramballi stresses that even "if Gaza were to become a Mideastern Hong Kong, it is unlikely Hamas terror would cease; prosperity would simply reduce its power base. Neither technology nor cooperation between police forces can stop the kamikaze actions." Thus "an improvised summit could not expect to tackle this slippery enemy in any practical way, but if symbols are relatively unimportant in the struggle against terrorism, they are important for the peace process." He continues: "Peres and 'Arafat on their own cannot provide exhaustive answers, and nor can the world. But the world can offer its cooperation to two peoples who have reached a turning point in their history." Tramballi concludes by saying that "29 May, election day in Israel, will be the day that really decides whether we will have peace or not."

Centrist Milan daily CORRIERE DELLA SERA, in a report by Antonio Ferrari on page 7, datelined Sharm al-Shaykh, highlights former U.S. Secretary of State James Baker's remark that "the summit has more of a symbolic than a substantive value." The final communique, the report adds, "is perhaps son, 'what meager for a summit' (at which, it stresses, "nobos — but nobody, dared to attack Syria") since "the usual old dual language, with its permanent confusion between form and substance, made it difficult to find a common platform." Ferrari claims that President Yeltsin's stance is an indication of "Russia's desire to reacquire a protagonist's role in the region," and he underscores the "first time" handshake between Saudi Arabia's Sa'ud al-Faysal and Israel's Peres, "a step toward the end of the trade embargo." Concluding, he warns that, in assessing the summit, we should not overlook nor underestimate the fact that "at least four of the leaders present are soon to face the electoral test: Clinton, Yeltsin, Peres, and Dini."

Centrist Turin daily LA STAMPA carries a commentary by Aldo Rizzo on pages 1 and 2, and further comment and reporting in a full-page feature on page 9. Rizzo calls the summit "one of those events that are important simply for their having taken place," pointing out that the summit was an expression of "a strong political will" "to resolve one of the most dramatic and dangerous conflicts this century." Reaffirming "international solidarity

with Israel at a crucial time in its history" and with "the Arab people of Palestine, who have finally chosen the way of peace" was "necessary" even if only "symbolic." But that does not mean that "the struggle against terrorism will become any easier," Rizzo adds. In his view, the most serious issue is "that of the real or alleged 'protector' states, and that means Iran." But he warns that economic or political sanctions could "further harden the suspect countries against the influence of 'foreign' rationality, thus further fueling 'domestic' fanaticism." Rizzo concludes that the struggle against terrorism is "certainly one of, if not the, most important" international priority, and the Sharm al-Shaykh summit "bears witness to the will of the majority of the world, in political terms, to encourage Peres and 'Arafat' on the path to peace."

Giuseppe Zaccaria, in a report on page 9 datelined Sharm al-Shaykh, referring to the official photo showing the leaders present all holding hands, says that the conference closed "on this attempt to celebrate with an image what it failed to achieve in substance." "Despite all the song and dance made about the conference," he laments, "nobody actually appeared willing in the end to translate this brouhaha into concrete actions. We have the atrocities, but no world strategy against the countries accused of fueling them." "If it had not been for Peres," he adds, "the name Iran would have disappeared from the summit, while Syria was only mentioned to lament the absence of an 'important partner in the peace process.'" Zaccaria concludes that it is "obvious" that "everyone is against violence — everyone except those countries suspected of fomenting it."

In a commentary on the same page, Igor Man maintains that "the 'swimsuit' summit" "failed to come up with the magic formula to defeat terrorism," but it will go down in history for two reasons: the first is that "it broke the frustrating isolation to which Israel has been subjected for half a century," and the second is that it "gave 'Arafat definitive and international legitimacy by conferring on him, de facto, the dignity of a head of state." He sees a further two events as "worth underscoring." First, the handshake between Sa'ud al-Faysal and Peres, and second, President Clinton's "whispered remark to Peres: 'We'll succeed,'" as the summit ended — a remark which he suggests is "not a hope but a commitment. The U.S. President cannot be content simply with the end of Israel's isolation." "In order to win 'his election,' Clinton desperately needs to win the peace gamble in Bosnia and, above all, in the Mideast. To do this, he cannot afford for Peres not to win 'his election,'" but "in politics you can never trust anybody, not even yourself," as 'Arafat once told me when I asked him if he trusted the U.S. President," Man adds.

Left-of-Center Rome daily LA REPUBBLICA, in an editorial on page 10, welcomes the "very harsh condemnation of international terrorism" which emerged from the summit but laments the "postponement of any operational decisions." "Of course," the paper continues, "nobody could expect any spectacular initiatives after a mere three hours of talks," nor was it to be expected that "any operational decisions in such a sensitive sphere" would "be made public." This "first world summit against terrorism," LA REPUBBLICA adds, "was convened to provide a firm answer to the attacks which have covered Israel in blood in the last two weeks" but, despite that, President Mubarak "did not mention the attacks in Israel and was generic in referring to the need to combat violence, even avoiding the use of the very word 'terrorism.'" Mubarak's priority, the paper judges, is "not to criminalize Islam by associating it with terrorism." For the Arab governments, it claims, "Islam is a very sharp scimitar, and they will win only if they succeed in grasping hold of it by the handle." The paper notes that, apart from Britain's John Major, "no European leader yesterday referred to Iran," so, while "pacificism with the rich Gulf states represents a historic turning point for Israel," it is also true that "the Iranians have no serious reason for getting alarmed." "It has yet to be seen," the paper concludes, "whether the words of Sharm al-Shaykh will translate into actions."

Centrist Rome daily IL MESSAGGERO carries a report by Eric Salerno on page 7 datelined Sharm al-Shaykh, calling the official photo showing the leaders present holding hands "a powerful message to the enemies of peace in the region." The summit, Salerno says, was important "for the symbolism expressed by the presence under one roof" of "Israel's leader alongside numerous Arab heads of state and government, as well as the leaders of Europe and Japan," but he warns that "the operational measures decided on will not alter the climate of tension and fear in the short term" although they may "bear fruit in the not too distant future."

In an unattributed report on page 16 datelined Cairo, Right-of-center Milan daily IL GIORNALE laments the fact that "nobody criticized Lebanon or Syria for their absence," but remarks on Shim'on Peres' "satisfaction" in noting that "for the first time a prime minister from Jerusalem has sat down around a table with official representatives from so many Arab countries." Alone among Italian dailies, the paper concludes its report with a reference to a simultaneous "Islamic Nationalist Summit" in Beirut and its final communique denouncing the "traitor Arab states in the U.S. orbit."

Rome daily L'UNITA, the Democratic Party of the Left's official voice, carries two commentaries on the Sharm al-Shaykh summit. The first, by veteran left-wing

campaigner Renzo Foa, calls the summit "little more than a geopolitical photograph on which the Mideast peace process is etched," but that in itself "is no mean achievement," since "now it is no longer the leaders who showed the courage to make an impossible peace possible who are isolated," but "those who place obstacles" in the path of peace, "first and foremost the Syrian regime, and those organizations like Hamas and countries like Iran which continue to translate their radical Islamism into the practice of a 'holy war,' i.e. terrorism." Thus, Foa adds, the summit was "sufficiently clear in telling" Peres and "Arafat" that they are not alone in combating Islamic terrorism," but it could have been "more explicit in naming names and providing addresses. If that did not happen, it is because, in this sense too, yesterday's summit was a photograph of today's world." This "somewhat fuzzy photograph," however, is blighted by the West's "inability or, worse, its lack of political will to hear the alarm bells periodically sounded by Islamic fundamentalism — whether in Algeria or Palestine is of little relevance — and to act accordingly." Foa laments the "delay in understanding the dangers lurking on Europe's borders." He asks: "Why was yesterday's summit not convened earlier, possibly the day after Hamas' cynical attack" commemorating "the anniversary of the liberation of Auschwitz a year ago." Be that as it may, yesterday's conference, Foa concludes, underscored the "increasing weight that those who have the ability to make moves — Clinton's America in this instance — carry" on the international scene.

Marcella Emiliani, in a commentary on page 13, notes "a change for the whole Mideast region" after yesterday's conference, "but it is difficult to predict in what direction" that change will go. What was pinpointed at Sharm al-Shaykh, Emiliani suggests, is a "new international frontier with terrorism as its demarcation line." "Politically," she says, the main message to emerge is that "Bill Clinton's United States is prepared to shoulder not only the Arab-Israeli peace process but also the struggle against terrorism on a worldwide scale." She adds that "Shimon Peres is today more than ever the Israeli man of peace on whom the United States is 'placing its money,' describing the summit as an 'unprecedented investiture' for Peres, and 'a real shot in the arm for the Israel-Palestine peace process.' She warns, however, that Iran, Iraq, Libya, and Sudan, excluded from the summit, "will only strengthen their conviction that the West is orchestrating a satanic plot against them and thus multiply their aid to the Hamas and Jihad wherever they lurk." Emiliani concludes by advocating the need for an "immediate signal of detente" toward the Palestinian people to counterbalance the "total war" against terrorism, adding: U.S. and Israeli "election campaigns permitting."

Gabriele Cane, in a commentary on page 1 of Bologna right-of-center NUOVO EXTRA, calls the fact that Israel's Peres and so many Arab leaders met around the same table the summit's "first positive result." The main thrust of the piece, however, is enshrined in the title "The Old Man of the Mountain Lives in Iran." "The fact that those who carry out the attacks are Palestinian is of little importance," Cane warns. "It is Tehran we must watch." Thus "the Egyptian summit was not a waste of time" since "there remains a moral and material commitment to isolate the ayatollahs' regime." "The impression one gets," he writes, is that "this time Hamas and Tehran have gotten their calculations wrong. A mere two months before the elections in Israel and with the U.S. presidential election looming, you cannot get away with messing around with two strong countries with impunity. Peres and Clinton certainly do not want to halt the path toward peace, but above all," Cane suggests, "they cannot afford to halt the path toward their own reelection." "The fundamentalists," he concludes, "may well score a few more points, but the guts shown by Washington and Jerusalem at the summit make it clear that in the end the West will win the war."

An editorial on page 1 of Milan right-of-center daily IL FOGLIO maintains that the "choice of venue" for the summit, "on Egyptian territory" provides confirmation of the leading role which the 29 countries taking part, first and foremost the United States, seek to assign to President Husni Mubarak within a new coalition "for peace against its enemies" in the Mideast. "As expected," the paper continues, "the summit produced few practical results," but "it would have been unrealistic to expect more from a meeting that did not intend to come up with operational solutions." "There can be no doubt," it adds, that while the summit had "immediate and specific electoral interests on the part of Israel and the United States," it "succeeded in pinpointing a central fact: the contrast between Western and Islamic concepts of relations between nations." The West, "basing itself on the distinction between the sacred and the secular, believes in human rights, political compromise, and peaceful coexistence," while "radical Islamic fundamentalism denies and opposes" those values, viewing "economic globalization as the most serious development of Western materialist imperialism. It does not recognize nonconfessionalism, it does not tolerate the equality of different religions. It can agree to a truce with the infidel, but not to permanent peace." The summit's "diplomatic victory," therefore, lies in having succeeded in sitting Israel and "many Arab governments" around the same table, a fact which highlights the "radical change in relationships in the Mideast."

Vittorio Frenquellucci, in a report datelined Sharm al-Shaykh on page 10 of Milan centrist daily L'INDIPENDENTE, welcomes the fact that "the Arabs, whether present or absent from the peacemakers' summit" "have reaffirmed their will for peace with Israel and their hostility toward terrorism with a widely shared call to pinpoint its roots and to combat it, resorting if necessary to dialogue in order to boost the stagnant Mideast negotiations."

Finally, an unattributed report on page 12 of Rome SECOLO D'ITALIA, the official organ of the extreme right-wing National Alliance party, says that what stood out among all the speeches at the summit was "the very serious accusations leveled by Israel against Iran over Tehran's responsibilities in the field of international terrorism."

Spain

In Madrid's center-left EL PAIS Antonio Cano and Ignacio Cembrero write in a page 3 report that "the differences between the two countries sponsoring the summit — the United States and Egypt — prevented" the antiterrorist summit "ending in a cooperation agreement to fight the radical Palestinian Islamic organization, Hamas." According to the reporters, although "no reference was made in the final declaration to Iran, Israel obtained the testimonial support of the largest concentration of heads of state and government ever gathered in the Middle East."

The "lack of concrete agreements does not automatically turn the summit into a failure," because "Israel not only obtained a quasi-universal condemnation of terrorism," but it also obtained "a form of indirect recognition by Arab countries with which it still does not have relations."

In his page 4 commentary Ignacio Cembrero writes that "the apparent unanimity on the final declaration by all the countries participating in the antiterrorist summit hid the differences which emerged from the speeches of the delegation leaders and in their statements to the press." One of these differences is the "international community's double standards in condemning Islamic and Jewish terrorism."

Cembrero writes that although the European and Arab leaders insisted on lifting the closure of Gaza and the West Bank, Clinton "did not want to get involved," and said that the Israeli decision could be seen as a collective punishment but also as a security measure.

A page 4 report signed "A.C." focuses on the role played by President Clinton at the summit: "Deeply involved in delicate personal diplomacy, President Bill Clinton worked minute-by-minute yesterday to save a peace

process which — in recent days, and at times yesterday — seemed to be on the verge of collapse. Clinton's gestures began in the middle of last week with a number of contacts with Damascus to prevent the summit from isolating Syria."

In an page 15 editorial entitled "Everyone for Peace" Madrid's conservative ABC writes that "the first major world 'summit' on antiterrorism and the defense of the peace process among the peoples of the Holy Land ended on a positive note with the total agreement of the participants to fight organized terror through close cooperation among all peace-loving countries, which are prepared to fight side by side internationally against this international underground which finances and trains bomb-wielding fanatics — mobilized like evil demented gangs — to sow terror wherever their shadowy representatives of death order them to."

ABC writes that against Israel's "very legitimate demand" to name those states which support terrorism, "certain multinational blocs emerged which, while they were prepared to support the overall peaceful approach of the summit, did not want to specifically point the finger." According to ABC, the "lucrative business dealings which some members of the EU — Germany, the United Kingdom, and France — have in Iran made for a certain amount of caution among the fervor of antiterrorist statements."

The final declaration was "sufficiently sound" to make it possible to consider the Sharm al-Shaykh summit to have been a "genuine success in terms of its commitment to support the peace process in Palestine and to lay the foundation for much closer police cooperation when it comes to prosecuting terrorist groups."

Madrid's independent centrist EL MUNDO publishes a page 3 editorial titled "Moral Condemnation of Terrorism," which claims that the action plan approved at the meeting "is the least important aspect of it." According to EL MUNDO, the substance of the meeting "lies in what the meeting represents: The world's leading countries have condemned terrorism together." Given that "the peace process is very gravely wounded," the antiterrorist summit, "even if it was a belated and primarily symbolic gesture," should be welcomed: "If yesterday's summit represents effective support for those in favor of negotiated solutions, it will have been a success, even if its resolutions seem not to go beyond mere rhetoric in practice."

EL MUNDO warns Israel against closing the West Bank and Gaza because "by closing them Israel leaves many Palestinians without a livelihood, weakens Arafat, and strengthens the men of violence." "If it intensifies

indiscriminate repression," Israel "will endanger not only peace but also its own democracy."

According to EL MUNDO, "Bill Clinton seemed to be more concerned about the event's media and electoral dimension — there were 2,000 journalists — than about the essence of the problem." It criticizes the "concrete actions" that Clinton called for, because turning off the faucet of the \$30 million Hamas collected in the United States "will not weaken terrorism" but will make the Palestinians poorer, since only 5 percent of that amount is spent on terrorism.

Benelux

In a commentary on page 8 of Brussels' independent centrist LE SOIR Pierre Lefevre says that "the Sharm al-Shaykh summit represents an exceptional political gesture."

"The summit neither ended all ambiguities nor solved all differences of approach between the Israeli-American pairing mainly preoccupied with terrorism, and the Europeans and Arabs more sensitive to the rights of the Palestinians. Nevertheless, its political significance is crucial," Lefevre maintains.

"A highly representative group of Islamic, Jewish, and Christian countries condemned terrorism with a single and strong voice. The group deprived terrorism of any possible political justification. The message which sounds beyond the Middle East stage is commensurate with Hamas' inhuman and destabilizing attacks. Will it be heard?" Lefevre concludes.

In a page 5 commentary in Brussels' conservative LA LIBRE BELGIQUE Robert Verdussen terms the meeting "a summit of good, very good intentions."

"However, what will happen tomorrow?" Verdussen asks. "Everyone will return home and nothing will have really changed, because the commitments made by the summit participants do not bind them, only morally."

Verdussen maintains that "Sharm al-Shaykh or not, Europeans and Americans are still divided about the attitude to adopt toward Iran. As for the Gulf monarchies, will they in future prevent all transfers of funds to Hamas or to other radical Islamic groups? Finally, what about Syria, a country that did not give in to American pressure, albeit strong it is said, to attend the Sharm al-Shaykh summit?"

"These uncertainties do not diminish the psychological value of a summit which represents a severe political defeat for terrorists, their supporters, and their protectors. But there is a risk that some might consider that they have done enough, particularly those who should do more: all those who, for political or commercial rea-

sons, are conducting a double standard policy. The policy of morality and the policy of the wallet," Verdussen concludes.

On the 13 March 1830 GMT Dutch-language newscast on Brussels BRTN-TV1 Television Network special correspondent Rudi Vranckx reported from Sharm al-Shaykh that this summit was significant "as a symbol." He found it "remarkable" that President Clinton "lashed out against the EU" by claiming that "Europe could have done more to combat terrorism" and "put more pressure on Iran." Vranckx believes that the line of fracture between Israel and the Arab countries has now shifted toward Israel and parts of the Arab world and the moderate countries against the extremists, against terrorism." Vranckx concluded that the real aim of the summit was to "restrengthen Peres' position," and to "secure his political survival."

Netherlands papers were not observed to carry any commentaries on the Sharm al-Shaykh peacemakers summit. Both Amsterdam DE VOLKSKRANT and Rotterdam ALGEMEEN DAGBLAD of 14 March limited their coverage on the summit to straight reports by their correspondents citing various speakers and summarizing Palestinian and Israeli reactions.

On the 1900 GMT 13 March Dutch-language newscast on Hilversum Nederland-1 Television Network Jerusalem correspondent Eddo Rosenthal maintained that the "international coalition" formed at the summit had mainly a "psychological and demonstrative meaning." Rosenthal stated that the summit was "a significant push in the back for 'Arafat' because 'Israel and the United States had left him no other choice' but to combat radical Islamists in the Palestinian territories himself following his failure to bring Hamas under control by means of dialogue."

In the "Nova" program on Hilversum Nederland-3 Television Network at 2134 GMT on 13 March Tel Aviv correspondent Ankie Rechess claimed that the Israeli population has been "very skeptical" about the summit. Rechess said that the simple fact that the summit took place was the real success. For the rest, there "were lots of words but very few deeds." She argued that the peace process "will continue, be it at a slower pace." In addition, she said that President Clinton's subsequent visit to Israel is mainly aimed "to support the Israeli population."

Scandinavia

Apart from straight reporting Scandinavian newspapers of 14 March carry very little comment on the Sharm al-Shaykh summit.

In a page 2 commentary in Copenhagen's independent INFORMATION Kim Bidsøe Larsen points to the background to the summit, the forthcoming elections in Israel and the United States, and the importance of the Middle East peace process in them:

"The peace process in the Middle East is one of the Clinton administration's biggest foreign policy successes — and ideally it should not of course collapse like a house of cards at a time when the U.S. election campaign is getting under way in earnest."

After asking the customary questions about whether the summit will have any "concrete influence" on terrorist organizations in Israel and their ability to carry out actions and whether it will have any "decisive influence" on the peace process, Larsen concedes that the summit may be useful:

"But the meeting can prove to be important. If the working group that has been set up does not — as is very likely — drown in political details and antagonisms, the summit could mark the start of a cooperation which can achieve results."

In its page 22 editorial Oslo's conservative AFTENPOSTEN points to the Sharm al-Shaykh summit's "great symbolic value, a concept which for once must not be underestimated. When 29 leaders from East and West stood shoulder to shoulder with Israelis and Arabs, it resulted in a broad international consensus on carrying the peace process further, despite all the obstacles."

AFTENPOSTEN concludes: "The promises from Sharm al-Shaykh are a commitment to action. We must hope that the summit has laid the foundation for an international campaign against the secret economic and political network in other countries which support the terrorist bombers. First and foremost the stream of money to the murderous bands in Hamas must be stopped. But Prime Minister Gro Harlem Brundtland probably gave the most important reminder to her colleagues: It is time to invest in peace. Give the Palestinians jobs and a foundation for a life. If the people lose their belief in peace, then there is nothing that will help."

EU: European Parliament Members Want Role in IGC

BR1503103896 Brussels EUROPEAN VOICE
in English 14 20 Mar 96 p10

[Article by Rory Watson "MEPs Unite To Demand IGC Role"]

[FBIS Transcribed Text] French Socialist Euro MP Elisabeth Guigou this week challenged EU leaders to vote in favour of closely involving the European Parliament in the Intergovernmental Conference (IGC) at their summit in Turin.

The former French European affairs minister advanced the idea as a way of overcoming steadfast opposition from the UK and France to the presence of MEPs as observers at the negotiating table.

"The arguments of the two member states do not stand up. If they remain stubborn, then the Italian presidency should call for a vote at the Turin European Council. There are precedents. There was a vote at the Milan Council in 1985 and again at the Strasbourg Council in 1989," said Guigou.

She insisted parliamentary involvement was not designed to usurp national governments, but was necessary in order to defend EU priorities set by MEPs and to ensure that the public was kept informed about the negotiations.

Moves to keep the Parliament at arm's length were angrily condemned across the political spectrum yesterday (13 March) as MEPs in Strasbourg set out their vision of a restyled Union.

Socialist group leader Pauline Green warned that the MEPs' absence would confirm in the minds of doubters that the EU was neither about them nor for them. Liberal group leader Gips de Vries complained: "This reinforces the image of the Union as a remote, inaccessible organization."

As MEPs set out their IGC stall, former Danish Prime Minister and Christian Democrat MEP Poul Schlutzel suggested three fundamental principles should guide the negotiations. He called for far-reaching adjustments in the EU's institutions, the strengthening of the common foreign and security policy, and the introduction of greater democracy and efficiency in EU decision-making.

Dutch Liberal MEP Laurens Brinkhorst, the Parliament's rapporteur on next year's Union budget, insisted that the IGC could not ignore the future financing of EU policies and had to end the anomaly which allowed agricultural spending to escape parliamentary control.

"The current artificial distinction of compulsory and non-compulsory spending stands in the way of democracy. It is totally unacceptable at the end of the 20th century that half of the budget is not controlled by any democratic organ," he said.

MEPs' demands are set out in a lengthy 19-page resolution prepared by Belgian Socialist member Raymond Dury and her Dutch Christian Democrat colleague Hanja Marj Weggen.

But the detail and range of policy and institutional issues included was criticised by French Christian Democrat MEP Jean-Louis Bourlanges.

Instead of casting its net wide, he argued, the Parliament should concentrate on insisting that its express approval would be needed before the amended treaty could come into force. He added that MEPs should build alliances with national parliaments in the campaign for a new right of assent.

"If we do not get that right of assent, the national parliaments close to us should not ratify the treaty," he suggested.

The programme prompted the unusual sight of both British Socialist and Conservative MPs telling their colleagues they could not support the report.

Tory MEP Brendan Donnelly supported the Parliament's call for more democracy, transparency and subsidiarity and its backing for enlargement. But he firmly rejected the call for an end to the UK's social "opt out" moves to merge security and internal policy into a European Community framework and demands for a general extension of majority voting.

Unlike his own government Donnelly said "some extension of majority voting may well have its merits", but added "This should be on a piecemeal basis."

Wayne David, leader of UK Labour MEPs, explained that the same reservations on security policy and majority voting prevented his group from backing the resolution.

EU: Members Finalize Positions for IGC

BR1503102596 Brussels EUROPEAN VOICE
in English 14 20 Mar 96 p 4

[Article by Rory Watson "Governments Dig in for IGC"]

[FBIS Transcribed Text] Radically different blueprints for the future of the EU will be on the table when Union leaders meet in Turin in a fortnight to begin negotiations on the reform of the Maastricht Treaty.

As governments put the finishing touches to their opening positions, the depth of the divisions between member states on key issues is coming into focus and highlighting the difficulty of reaching a consensus on the kind of Union needed for the 21st century.

In the space of just 24 hours, both France and the UK table plans to rein in the power of core institutions such as the European Commission and Parliament while increasing the role of national governments and legislatures.

French Prime Minister Alain Juppe said yesterday (13 March): "Since there is no question of creating a European super-state the political centre of gravity of the Union cannot reside in the Commission and European Parliament, but on the contrary in the representative organs of member states: the Council and (national) parliaments."

The same line had been struck the previous day by British Prime Minister John Major. Introducing his government's White Paper for the Intergovernmental Conference (IGC), he declared: "The bedrock of the European Union is the independent democratic nation state."

Both governments are currently involved in an unseemly dispute with their 13 partners over their opposition to giving MEPs observer status in the IGC process. Their hostility prompted French Socialist MEP Elisabeth Guigou to challenge Italian Foreign Minister Susanna Agnelli to be "courageous" and put the issue to a vote in Turin. Agnelli, who will make a final effort to broker a deal on 25 March, told MEPs in Strasbourg that the Parliament had a role to play in the search for answers to the challenges of the next millennium. She pledged she would do her utmost "to try and give a voice to the European Parliament" in the IGC.

France also aims to set clear limits on the Commission's role, restricting this to purely Community affairs such as external trade, the single market and agriculture, and preventing any involvement in sensitive internal and external security issues.

French European Affairs Minister Michel Barnier opened a new line of attack on the institution this week by calling for an end to the current system under which each member state has a Commissioner. Reasoning that its work covered just 10 or so sectors, he argued that one member should be in charge of each in a team appointed by the Commission president.

But any move to prevent a country nominating its own Commissioner will be strongly resisted by smaller states. Portugal, anticipating such a move, spelt out its opposition in the IGC policy paper it approved

last week, with Foreign Minister Jaime Gama insisting: "Institutional reform cannot lead to a reduction of the powers of small and medium member states."

French and British efforts to restrict the powers of MEPs and Commission run diametrically counter to views emerging from Germany and the three Benelux countries.

The Dutch, Belgian and Luxembourg prime ministers will categorically call for consolidation of the Commission's role and an increase in its responsibilities in the IGC negotiations.

A ten-page position paper adopted by all three governments argues for greater executive powers and a specific role for the institution in internal and external security issues. It also favours greater legislative powers for the European Parliament.

Differing views are also emerging over interpretation of the new concept of flexibility.

Supporting the idea, Juppe predicted it would allow "a small number of states around France and Germany who are ready and willing to go further or faster than the others on issues such as currency and defence."

But the danger that too much flexibility could lead to a hard core of EU countries establishing a different agenda has been raised by Poland, potentially one of the next wave of countries to join the Union. Jan Kulakowski, the country's ambassador to the EU, warned this week: "We cannot accept a European architecture with different arms, with some in the core and some on the periphery - we can accept a different rhythm, but we cannot accept some having a vocation different from others. It is a dangerous idea."

EU: Report Examines Countries' Views on IGC Issues

MSIS01100196, *London INDEPENDENT in English*, 15 Mar 96, p. 12

[Report by Tony Barber: "Britain Not Without Support At Turin"]

[FBIS Transcribed Text] Important differences separate Britain from France and Germany as the European Union prepares for the landmark conference on internal reform that opens on 29 March in Turin. However, with the publication this week of British and French policy documents on the Inter-Governmental Conference (IGC), it has become clear that Britain is not completely isolated from its 14 EU partners and that France and Germany do not see eye to eye on everything.

The conference, expected to last more than a year, is intended to improve the efficiency of EU institutions and

pave the way for the accession of as many as 12 new members in the next century. Unless Britain, France, Germany and the other member states overcome their disagreements, there is a risk that the EU will postpone the admission of leading contenders such as the Czech Republic, Hungary and Poland.

To judge from the Government's White Paper issued last Tuesday, Britain's position on the IGC differs from those of France and Germany in two fundamental respects. First, the British message is unashamedly anti-integrationist, opposed to any steps that could dilute national sovereignty in favour of pan-European institutions.

Second, Britain has no intention of following France and Germany into an "inner circle" of EU states which want to press ahead with closer integration and insist that no country should have the right to block them. This applies above all to the creation of a single currency and the political institutions needed to accompany it.

Britain will not necessarily oppose the emergence of an inner circle, which the French Prime Minister, Alain Juppe, defined on Wednesday as "a small number of states around France and Germany". However, like Spain, Denmark and other potential outsiders, Britain is anxious that the inner circle should not set rules that turn it into an exclusive club.

On some points, Britain and France seem closer to each other than to Germany. Both believe the EU's centre of gravity should rest with the Council of Ministers, representing national governments, and national parliaments rather than with the European Commission or the European Parliament.

The British and French are blocking a proposal to let EuroMPs (Members of parliament) attend the IGC as negotiators or observers, a stance that parliamentarians in Strasbourg say reinforces the EU's image as a remote and undemocratic organization. For its part, Germany believes it is important to enhance the parliament's powers and reduce the "democratic deficit" in the EU because otherwise it will prove difficult to sustain public support for closer integration.

Although the defence of the nation-state may seem to represent important common ground between London and Paris, France is clearly closer to Germany on the need for monetary union. The French regard this as so crucial that they will almost certainly have to make concessions to Germany on pan-European political integration.

Strictly speaking, monetary union is not up for discussion at the IGC because the matter is viewed as having been settled at Maastricht in 1991. However, the issue is

sure to hang over all the IGC debates as long as doubts remain over whether the project can start on time in January 1999 and which countries might make the grade.

Britain is at odds with its main partners over extending the system of qualified majority voting in the EU decision-making process. Significantly, however, the White Paper signals that there may be room for a compromise, as it accepts that enlarging the EU to the east which Britain regards as a vital objective — will require changes in the majority-voting system.

Germany and France are less addicted to majority voting than is sometimes understood in Britain. Thus France opposes majority voting on foreign policy and immigration matters and Germany, sensitive about deploying its soldiers abroad, opposes introducing the system in defence policy.

Britain does not share the French and German enthusiasm for running a common defence policy under EU auspices, and can probably count on the support of neutral members such as Sweden and Finland. Moreover, Britain's military weight may make it impractical for the EU to move to a joint defence without British participation.

Overall, however, it is the Government's unalloyed resistance to closer integration that makes Britain the odd man out in Europe. Some EU diplomats say there is a serious danger that deadlock will set in at the IGC and the conference may need to be suspended until after the next British election when the new government should feel able to take a more flexible negotiating position.

EU: Informal Talks on Employment Exclude Major Powers

*BR1503/20696 Stockholm DAGENS NYHETER
in Swedish 14 Mar 96 p A12*

[Report by Mats Carlborn: "Agreement on More Jobs in the EU"]

[FBIS Translated Text] For two days representatives of ten EU countries have been meeting at Haga Palace outside Stockholm and made plans for how employment should be handled in the EU treaty. Sweden has thus effectively created a faction prior to the Intergovernmental Conference on the future of the EU.

Sweden consciously neglected to invite four powerful EU countries: Germany, France, Great Britain, and Italy. And in addition the Netherlands said no.

"We invited only those governments who have shown interest in reinforcing employment policy at the Intergovernmental Conference. We did not want to discuss whether but rather how employment is to be written into

the treaties," said Under Secretary Gunnar Lund, who chaired the talks.

Lund, who is EU Minister Mats Hellstrom's closest aide, will be the chief Swedish negotiator at the Intergovernmental Conference which begins in Turin in Italy on 29 March. It was also at his initiative that the ten EU countries held informal talks at Haga Palace on how the fight against unemployment can be written into the EU's basic treaty. Today it is estimated that about 18 million people in Europe are unemployed.

Step Along the Way

But Gunnar Lund could not specify exactly what results the talks had produced.

"What we concluded is that we want to change the treaty and build in stronger cooperation in the employment field," he said. "And we have also made good progress when it comes to formulating a common view on the form this should take."

One controversial issue is whether the EU — as Sweden wants — will write a separate chapter on employment into the basic treaty.

Little Foundation

"The dominant view is that the best thing would be a separate chapter, even though we discussed this back and forth," Gunnar Lund said. "But there might also be other solutions. We played a little with various ideas."

The government's idea of an "employment union," which is intended to balance economic and monetary union (EMU) has been criticized mainly by nonsocialist circles. It has been called badly thought-out, and in the course of its work the parliamentary EU96 committee was unable to find any researcher who was prepared to analyze the issue, as it had so little foundation.

One reason why Gunnar Lund was unable on Wednesday to announce any concrete results of the discussions at Haga was, he said, that the talks had been informal.

He also stressed several times that all the participating governments intended to respect the monetary union EMU "100 percent."

"We do not want to do anything which might change EMU," he said. It is there, and is ready to be made a reality in accordance with certain criteria.

Even if the Swedish Government were to succeed in its initiative to include the fight against unemployment in the constitution of the EU, this would have no direct significance for the number of jobs in Europe, Gunnar Lund admitted.

Practice

"The Intergovernmental Conference will not produce the magic recipe which will give jobs to 18 million unemployed overnight. We are not that naive. But the treaty is very important as an indication of which direction the work of the Union will take in the future."

The fact that four countries were not invited to the talks is not at all strange, Gunnar Lund said.

"It is normal practice in the EU for member countries to meet in various groupings."

EU: Gama Presents Portugal's Positions on IGC

BR1403150696 Lisbon DIARIO DE NOTICIAS
in Portuguese 9 Mar 96 p 7

[Report by Marina Pinto Barbosa: "Deepen But Protect"]

[FBIS Translated Text] Yesterday Foreign Minister Jaime Gama presented the main guidelines and positions of the Portuguese Government for the Intergovernmental Conference [IGC] which will review the Treaty on European Union. The IGC is scheduled to open on 29 March in Turin (Italy).

The Portuguese agenda for the IGC is hardly ambitious. Jaime Gama himself admits this. "However, this method of the correct way, without which any negotiations would end up being a rhetorical artifice, bereft of any essential concepts, gives us tranquility and confidence" the minister explained.

Generally speaking, Portugal advocates maintaining the current interinstitutional balance (although the existing forms of reporting between the Council, Commission, and European Parliament should be improved) and the principle of sovereign equality of the states.

The reform "cannot result in a reduction of powers of the small and medium-sized states, or in damage to the principles of sovereign equality," the document states. It therefore rejects any form of "joint sovereignty" or "directory" [directorio] of the Union and is clearly against the use of models which institutionalize — in definite terms — differences between groups of states, progressing according to specific timetables. It also rejects the use of opt-out measures.

Also along these lines, it states that the question of languages may not be viewed merely in terms of efficiency, logistical difficulties, or cost, since what is at stake is the "preservation of Europe's cultural diversity and the very principle of equality of states." Thus, "all languages of all member states must be guaranteed an

equal status." In this way, said Jaime Gama, "Europe will be better heard in Africa, Latin America, and Asia."

As for the deepening of the EU, Portugal wants the expansion of the Treaty's provisions on human rights to be very positive. It supports a European Citizenship Charter and membership of the European Convention on Human Rights.

The document also says that it is up to Europe to promote concerted policies aimed at job creation and economic and social development, "meaning that the revised Treaty should pay special attention to extremely peripheral regions." Portugal should also propose that the Treaty include a chapter dedicated to employment, the strengthening of the environmental aspect and, in parallel with the IGC, a discussion on financing an enlarged Union so as to maintain the cohesion policies.

As for the common foreign and security policy, it states that it is unrealistic for this policy to be "Communitarized," once essential issues concerned with national sovereignty are at stake. Portugal supports "imaginative solutions regarding the Union's external representation," which could take the form of a Mr. or Mrs. Common Foreign and Security Policy, and supports strengthening the WEU's operational capacity, "as well as deepening its ties with and, in the long term, its integration into the EU as the armed wing of the common foreign and security policy."

Lastly, with regard to cooperation on issues of justice and domestic affairs, Jaime Gama wants the EU to be able to step up its joint efforts to fight drug-trafficking and crime.

Portugal's participation in the conference will be debated in the Assembly of the Republic on 27 March, two days before the IGC starts.

Lisbon's Proposals

Council

With regard to the presidency, the current system of rotating presidents is beneficial and encourages small and medium-sized countries. Therefore this system should be maintained.

With regard to the weighting of votes, Portugal supports extending the areas in which decisions can be made by a qualified majority. It is perfectly possible to make an effort to reach a compromise via vote distribution models which — provided they are balanced — will not reduce the states' relative capacity to form qualified majorities or to put together blocking minorities. Unanimity should be maintained for certain, highly sensitive areas (such as revising treaties).

European Council

The European Council must be enhanced without, however, changing its nature or its position within the institutional framework.

Parliament

Portugal would accept the European Parliament's being more involved in the legislative process. It supports the bolstering of mechanisms enabling the national parliaments to participate. There is room to enhance the role of the European Parliament by acknowledging the principle of systematic consultation in Pillar I areas (Community policies), or bolstering its intervention in the area of citizens' rights and interests, as well as improving the application of the consultation system in the areas covered by the common foreign and security policy (Pillar II) and by cooperation in the area of justice and domestic affairs (Pillar III). It calls for a maximum of 700 members of the European Parliament.

Commission

All the member states must be represented in all the EU institutions. Every state must continue to be entitled to appoint at least one commissioner. Portugal sees no problem in maintaining the current status of the vice presidents, but is looking into the possibility of having the president elected by the European Parliament from a list of names proposed by the European Commission.

Court of Justice

The Court's capacity to take action must accompany the deepening and enlargement of the integration process, especially within the scope of Pillar III. Lisbon is proposing to extend the term served by judges.

The status and attributes of the Court of Auditors (with greater resources) must be maintained, as must those of the Committee of the Regions and the Economic and Social Committee.

EU: Sir Leon Supports UK View on New Exchange Rate

MS1503094796 London THE GUARDIAN in English
15 Mar 96 p 21

[Report by Julie Wolf: "Brittan Gainsays EU Line On Pound"]

[FBIS Transcribed Text] Brussels — Sir Leon Brittan yesterday broke ranks with the European Commission and backed the British government view that there is no need for a new exchange rate mechanism to link currencies that take part in monetary union with those that remain outside.

In a speech to the Royal Institute of International Affairs in London, Sir Leon a vice-president of the commission, predicted that Germany and France would meet the tough Maastricht conditions for taking part in economic and monetary union by 1999.

He spoke out against the blanket opposition to British participation in EMU [European Economic and Monetary Union] of the Tory Euro-sceptics, saying that Britain would face higher interest rates and inflation if it stayed outside the single currency.

But Sir Leon dismissed as "greatly exaggerated" fears of competitive devaluations and a crumbling single market because some countries failed to join economic and monetary union at the start.

He said there was no need "to create a uniform exchange rate regime for those outside [EMU]. It is far from clear that this would be either appropriate or helpful."

In his speech, Sir Leon played down the effect that slower economic growth would have on the ability of France and Germany to meet conditions in the Maastricht treaty.

A commission spokesman said Sir Leon was speaking in a personal capacity. According to commission sources, Sir Leon had been asked to change the text of his speech. The spokesman said, however, that apart from Sir Leon's comments on a future exchange-rate mechanism, he had made a robust defence of the commission's stance on EMU.

The commission last year said in a policy paper that EMU would have to be accompanied by a system similar to the present exchange-rate mechanism. This would aim to ensure that currencies remaining outside EMU do not drop too steeply in value against the single currency.

But the Chancellor Kenneth Clarke, has rejected such a move, saying that Britain would not rejoin a revamped ERM.

Others in the EU are expected to support the idea of a new ERM, although much depends on what kind of system emerges. So far, there are no specific commission proposals, but the matter is expected to be discussed at an informal meeting of EU finance ministers in Verona, Italy, next month and senior EU monetary officials are working on plans calling for a series of different exchange rate bands.

EU: Mediterranean Aid Meets With Bureaucratic Haggling

BR1503103796 Brussels EUROPEAN VOICE
in English 14-20 Mar 96 p9

[Unattributed article: "MEDA Fund Faces One Hurdle After Another"]

[FBIS Transcribed Text] While EU foreign ministers meeting in Palermo last weekend declared that aid must begin to flow again into the Palestinian territories of the West Bank and Gaza, their officials in Brussels continued to throw nails in the path of the Union's aid programme for the Middle East.

Thanks largely to the British desire for full control over its foreign policy, the MEDA [technical and financial cooperation measures in favor of Mediterranean non-Member countries] fund for the North African and Middle Eastern countries along the Mediterranean Sea has yet to be implemented, three months into the first year of intended funding.

The UK disagrees with a clause in the proposal from the Commission which would allow a majority of EU member states to suspend funding in cases of violations of democratic principles or human rights.

Under the proposed clause, aid could be suspended by a qualified majority vote (QMV). But London maintains that such a move would be a foreign policy decision and therefore would require unanimous agreement.

However, British officials say they are close to accepting a compromise under which the political decision to suspend aid would be made unanimously and the technical decision on how to do it could be taken by QMV.

But another problem remains. In an echo of last month's infighting when the Council of Ministers said it had not received the information it needed from the Commission to give a green-light to trade negotiations with South Africa and Mexico, the Mediterranean states have also been put on hold while the Council again waits for details of a funding package before giving its final approval.

A 900-million-ecu sum allocated for the region in 1996 has not been officially divided among the beneficiaries. EU diplomats say their governments have asked for a breakdown, but that the Commission has refused to furnish one.

Commission officials respond that the ministers should approve the funding before the Commission divides up the money. They add that the MEDA programme is

designed to concentrate, not on country-specific programmes, but on projects promoting regional cooperation.

"The whole point of MEDA is that it doesn't fix amounts per country per period," said a Commission source. "We are turning the page from the old system of bilateral protocols with fixed amounts."

A third hurdle presented by the European Parliament, which wants to be consulted on aid suspensions, is quickly discounted by Commission sources.

But considered together, all these objections have made implementation of the funding programme impossible so far.

Undaunted, Commission officials say they will begin sending the money through anyway, using the old rules

for previous years' regional funding as a legal basis rather than waiting for new rules.

"We have a legal safety net to carry on with the programmes," said one. "We're not going to wait for the regulation to be adopted to start."

But even so, governments must give their approval before programming advances too far.

EU officials fear that London and Bonn will make sure there is no accord soon because they want to take the unanimity-QMV debate to the Intergovernmental Conferences where it could be hanging for months.

In the meantime, remaining funds from last year are still trickling across the Mediterranean to its southern banks. But they will not last forever.

Austria: Schuessel Views French Proposals on EU Structure

AU1403140596 Vienna KURIER in German
14 Mar 96 p 4

[Interview with Austrian Foreign Minister Wolfgang Schuessel by Danny Leder in Paris; date not given: "Attacks on Identity of Small EU Countries Is Unacceptable"]

[FBIS Translated Text] [Leder] At the upcoming EU government conference, France wants to urge that the weight of votes of smaller states in the leading EU instances be reduced in the future because, compared with their number of inhabitants, they are overrepresented. Can Austria accept that?

[Schuessel] The last EU enlargement already shifted the weight to the advantage of the smaller countries. With the future enlargement, which affects almost only small or even very small states, this balance will be even further disturbed. Therefore, France and Germany are making efforts to install additional safeguards to prevent a majority of the small states from walking all over the big ones. One can discuss that. However, we cannot accept attacks on the identity of the smaller countries. Each country has to be represented in the EU Council of Ministers and in the EU Commission.

[Leder] France's ruling Gaullists are opposing efforts of the German Government party, the CDU [Christian Democratic Union], to amalgamate the EU in the form of a federal state, that is, to turn, for example, the EU Commission into a European Government. The Gaullists insist on the priority position of the European Council (of the heads of state and government — the editors).

[Schuessel] The EU is less than a federal state, but more than a confederation. I think that it is not right to turn the Commission into a government. The commission is the head and the motor of the EU administration and the European Council is the supreme body.

[Leder] Paris and Bonn have proposed unanimous decisions on basic domestic and security policies and majority decisions on their implementing provisions. In the case of military operations there would be no compulsory participation, but the duty to show solidarity.

[Schuessel] That is ideal for Austria. It makes a gradual advance to a common foreign and security policy possible, while it simultaneously gives us the opportunity to decide in which actions we participate. However, one has to show political and possibly also financial solidarity to the others. That would go with our coalition agreements.

Austria: Vranitzky Delivers Statement on Government Goals

AU1403180296 Vienna WIENER ZEITUNG
in German 14 Mar 96 pp 1, 2

[Unattributed] report: "Working Together Is More Important Now"

[FBIS Translated Text] Speaking in the Nationalrat yesterday afternoon, Chancellor Vranitzky used his government statement to declare his commitment to cooperating with the OeVP [Austrian People's Party] over the next four years and to stress that "working together is more important than working against each other or bringing our differences to the fore. Austria needs a government that will take action under a motto of consensus and will not encourage polarization."

"In the knowledge of and with confidence in" good cooperation in parliament, the chancellor stressed that "an Austrian government that does not have the backing of parliament cannot govern, at least not purposefully." In implementing the compromise that has been worked out, searching for majorities in each individual case would have "been diametrically opposed" to the goal.

Vranitzky presented five major goals that the government wants to achieve over the next four years. Apart from the employment offensive connected with the development of Austria as a business location, they are budgetary consolidation, Austria's role as a member of the EU, comprehensive security, and a series of reform measures in individual ministries.

In the presence of President Thomas Klestil and all the members of the government, Vranitzky indicated that he was optimistic that by working in conjunction with the social partners and regional administrative agencies, it will be possible to reduce the budget deficit to 2.7 percent of the GDP by 1997. The Länder and municipalities are seeking a reduction to 0.3 percent of GDP. Commenting on monetary union, Vranitzky said that he saw it as constituting an "important requirement for a successful export and employment policy."

Vranitzky emphasized that during the course of the negotiations on the formation of a government, it proved possible to produce a budget for the first time in two years. Regarding the consolidation program, the chancellor dealt with the individual points contained in it and expressed "gratitude and recognition" to government employees for their contribution, one that was particularly marked by a sense of responsibility.

Concerning a European security policy, the chancellor said that his position was that in view of the long time that it will take to arrive at a common European

action, for a small country such as Austria "it would be unwise to abandon its room for maneuver on security policy at this stage and to rely on a single institutional option." He said that Austria's security perspectives extend "from closer cooperation between the EU and the WEU (Western European Union) in the field of crisis management as well as peacekeeping and humanitarian missions to setting the course for the expansion of the EU into Central and Eastern Europe." The government will above all seek to increase the readiness with which the Army can be used for international missions.

That the EU governmental conference will examine issues such as unemployment, ecological imbalances, and security shortcoming is in no small part due to Austria's commitment in this regard, said the chancellor.

Vranitzky, who incidentally gave a positive appraisal of Austria first year of EU membership, said that the sole issue today was "how things will work in Europe" in the future.

In his government statement, Vranitzky once again set out the key areas of the government consolidation program and presented an overview of reform undertakings in individual ministries. Concerning the planned employment offensive, the chancellor said that the aim was to encourage the expansion of existing companies and promote the establishment of new businesses. The government will institute an appropriate series of measures. To further research and development, the government will assign some of the revenues obtained from privatization to this area.

Vranitzky went on to describe a whole number of measures that the government is planning for various areas to safeguard the economy and employment during these times of new challenges. Vranitzky mentioned modernizing education and training and making them more flexible in this context. The new Transportation and Science Ministry is to make it easier for closer links to be established between basic research and applied

research. "There should also be no impediments" in the pursuit of the arts in Austria in the future.

Regarding the media, Vranitzky said in the case of radio and television, he favored "public and private, commercially oriented media existing alongside each other." As for the print media, as wide a choice as possible of newspapers, magazines, and other publications should be preserved.

Concerning the impact of the consolidation measures on women, Vranitzky said that the effects of the changes to maternity leave benefits will be cushioned by the provision of 600 million schillings for kindergarten projects.

Vranitzky stated that efforts to attract additional investors will only have realistic prospects for the future if the principle of cost realism becomes more firmly anchored in the economy than hitherto. He said that a lot still had to be done to convince people of the need to introduce a highway toll. The revenues generated by the planned energy tax are to be used to provide the laender with over 1 billion schillings for the implementation of measures to protect the environment and conserve energy. Within the EU, Austria wants to lobby for making agriculture ecologically oriented and social criteria an integral part of a common agricultural policy. In the tourism field, jobs are to be made more attractive.

The chancellor stressed that to ensure that Austria remains an attractive business location, "there will be no increases in the taxation of earned income." He said that the government program "had been prepared to the best of the coalition's knowledge and belief" to ensure that Austria enters the next century well. It is a program "that requires cooperation on the part of all people of goodwill."

The Nationalrat will debate Vranitzky's government statement and the grand coalition's plans today.

UK: Foreign and Commonwealth Office White Paper on IGC

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IGC White Paper:**Foreword**

This White Paper is about the next stage in the development of the European Union. The United Kingdom has to be at the heart of the debate to make clear its views about the future of the European Union because it is our future, and the future of our continent. We can best shape our national destiny by working in partnership with our closest neighbours.

The bedrock of the European Union is the independent, democratic nation state. The European Union derives its legitimacy and its functions from the powers freely given to it by its members. This is what gives Europe its richness and character. Each nation state, with its own history and traditions, attracts the loyalty, affection and pride of its people. The European Union will only succeed if it takes account of that reality. And we in the United Kingdom will only succeed in Europe if we throw ourselves into the debate about Europe's future with confidence and determination. We shall pursue our national interests, as our partners pursue theirs, yet with a strong sense of shared purpose and common enterprise.

That is the spirit in which I approach the coming Intergovernmental Conference. It is in the interest of the European Union that it should develop with the grain of national cultures and traditions, especially as it enlarges to the East and South. That is the United Kingdom's interest too.

[Signed] John Major

Next section: Introduction**FCO - IGC White Paper: Introduction**

1. Successive British Governments have seen the European Community - and subsequently the European Union - as a means of safeguarding stability in Europe and generating economic prosperity in which the United Kingdom has shared. In more than 20 years of membership there have of course been frustrations; but they need to be seen against the overall benefits, which greatly outweigh them. The United Kingdom's role as

a leading member of the European Union is vital to our national interest. British trade with Europe has risen almost twice as fast as our trade with the rest of the world. EU membership has also been crucial in attracting inward investment into this country. Only the US has a higher stock. And from within the EU Britain has been able to lead the drive for a European market which is open internally, and open to the rest of the world. The liberalising GATT world trade deal of 1993, which is essential for our prosperity, could not have been achieved if Europe had not combined forces. The European Union is not the only framework within which we pursue our political and commercial interests, but it is central to our success.

2. The Single Market initiative, masterminded through the Commission by a British Commissioner, Lord Cockfield, was a major achievement for Britain and for Europe. The removal of barriers to trade provided a powerful trade stimulus which has increased British prosperity and competitiveness. The benefits are manifest not only in trade figures and levels of inward investment into the United Kingdom, but in less obvious ways such as the increase in consumer choice in recent years, and in mutual recognition of professional qualifications which has enabled our citizens to find work elsewhere in Europe.

3. The European Union, however, is more than a free trade area. Its benefits are also being felt in areas not directly related to the market such as increasing cooperation in the fight against international crime, higher environmental standards and an increasingly confident European voice on the world stage. Above all, the European Union is the basis upon which we must consolidate democracy and prosperity across the whole of Europe, healing the historic divisions which scarred our continent through the Cold War, and cementing peace. Enlargement poses formidable challenges not only for the applicants, who must be ready and able to take on the obligations of membership, but for the existing European Union which must adapt its structures and its policies, including the Common Agricultural Policy and Structural Funds, to ensure that enlargement is successful and affordable. The European Union must never become a cosy inward-looking club. We have an obligation to consolidate the new unity of the continent, and actively to help our Central European neighbours as they prepare for membership. Enlargement is at once an historic responsibility for Europe and a long-term British interest.

4. Despite its substantial achievements, the European Union is experiencing a period of uncertainty and self-doubt. The Maastricht process polarised opinion in several Member States, and exposed a level of public unease and alienation which must concern all those

like the Government, who want the European Union to fulfil its potential. Europe as a whole has continued to fall behind the best performing countries in terms of its international competitiveness. The Single Market has not yet delivered all the benefits which it should and could. There has been an over-emphasis on social regulation, which has led to rigidities in the labour market and some examples of ill-conceived, intrusive and unnecessary legislation. The results, especially for job creation, are a source of major concern. In the last 20 years the US has created 36 million new jobs, of which 31 million were in the private sector. In the same period only 8 million new jobs have been created within the EU, with no increase at all in total private sector employment.

5. The classic approach of many politicians on the continent to such problems has been to press for 'more Europe': tighter political integration; more centralisation; more uniformity; and corporatist economic solutions to perceived deficiencies of the free market. The Government has always resisted such demands and today it has become clearer than ever that such a response does not command popular support across Europe. The Treaty on European Union, like the original Treaty of Rome, calls for an 'ever closer union among the peoples of Europe', (not, let it be noted, among the states of Europe, or among their Governments). This Treaty aspiration for strengthened co-operation and friendship across the whole of Europe is a noble one, fully shared by the Government. But it does not mean an ever closer Political Union in the sense of an inescapable drift of power towards supra-national institutions, the erosion of national parliaments, and the gradual development of a United States of Europe. The Government rejects that conception of Europe's future. We are determined to safeguard the powers and responsibilities of the nation states that are signatories to the Treaty. Chancellor Kohl has said that: 'We want unity in diversity. We do not want a centralised European state that subsumes regional, national and cultural traditions or dismisses historical experience' (speech in the Bundestag, 27 May 1994). We agree. That is why it is crucial that national parliaments remain the central focus of democratic legitimacy. Europe must develop with the instincts of free people in free nations. As the European Union matures it needs a clearer sense of what it is, and of what it should never aspire to be.

The British Approach

6. The Government is clear about the sort of Europe it believes in. We are committed to the success of the European Union, and to playing a positive role in achieving that success. We are confident that it can

be achieved if the EU develops as a Union of nations cooperating together under Treaties freely entered into and approved by the national Parliaments of every Member State; a Union which respects cultural and political diversity, which concentrates single-mindedly only on what needs to be done at a European level, and doing it well, which does not interfere where it is not needed, and which is outward-looking, free-trading, democratic and flexible. We shall not accept harmonisation for its own sake, or further European integration which is driven by ideology rather than the prospect of practical benefit. Above all, we shall be guided by a cool assessment of the British interest. Common European decision-making, as opposed to cooperation, can only be justified where it brings benefits for British security, prosperity and quality of life which are so significant that they justify some loss of unfettered national control over decision-making in the area concerned, or where common action enables nation states to exercise joint control which is not open to them individually.

In pursuit of these ideas, British efforts within the EU have been consistently aimed at making its workings more effective, particularly by promoting an agenda of deregulation and enterprise. The change of approach under the Commission's new President Jacques Santer, whose motto has been 'less but better', sends a welcome signal.

Flexibility

8. The Government believes that, especially with the prospect of enlargement, the European Union should be able to respond more sensitively to the needs of an increasingly diverse membership. The Union needs to accept a degree of flexibility or, as it is sometimes described, 'variable geometry', without falling into the trap of a two-tier Europe with a hard core either of countries or of policies. The pillared structure introduced at Maastricht was welcome recognition that structures which work well for the single market are inappropriate for the Common Foreign and Security Policy or Justice and Home Affairs issues. Strict disciplines are right and necessary in certain areas, such as the rules which govern international trade and the single market. But conformity should never be sought for its own sake. There may be areas in which it is perfectly healthy for some Member States to integrate more closely or more quickly than others. It is important however that such policies only become Union policies, and draw on the Community's institutions, including the budget, where this is agreed by all. In addition, no Member State should be excluded from an area of policy in which it wants to participate, and is qualified to do so. Policies must be open to all.

Enlargement

Article O (as received) of the Treaty states that any European State may apply to become a member of the Union. Thirteen states have applied for membership or are expected to do so soon:

Turkey (applied in 1987; the Commission gave its Opinion in 1989 that Turkey was not yet ready for membership; meanwhile Turkey is entering Customs Union with the EU in 1996); Cyprus and Malta (applied in 1990); The 9 associated countries of Central and Eastern Europe (CEs): Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania and Slovakia (all of which have Europe Agreements with the EU designed to lead towards membership, and have applied for membership in the last two years); Slovenia (negotiated a Europe Agreement which awaits signature, pending resolution of a bilateral dispute with Italy; expected to apply for membership soon).

The Copenhagen European Council in June 1993 committed the EU to further enlargement, agreeing that the CEs should become members when they were able to assume the obligations of membership. The European Council further agreed that the Union's capacity to absorb new members was also an important consideration.

The EU is committed to starting accession negotiations with Cyprus and Malta six months after the conclusion of the IGC. The 1993 Madrid European Council expressed the hope that the initial phase of negotiations with at least some CEs would coincide with this.

Next section: The Intergovernmental Conference

FCO - IGC White Paper: The Intergovernmental Conference

The context of the Conference

9. The next few years will be as important as any in the European Union's 40-year history. Europe will face not only the challenge of enlargement to the East and South with all its implications for policy reform, but the urgent task of enhancing Europe's global competitiveness, hard choices on a single currency, and decisions on future financing. Underlying all this is the need to build people's confidence in the European Union.

The scope of the Conference

10. The Intergovernmental Conference (IGC) is an important preliminary step in tackling this agenda and in preparing the Union for further enlargement. But we should try to ensure that it is not weighed down too heavily with a freight of exaggerated expectation - especially after the experience of the last few years. We

must recognise that most of the Government's aims in Europe do not depend on Treaty change. Rather, they require the development of better policies to achieve the Treaty's provisions. This effort will, and must, continue in parallel with the IGC.

11. It is the case for example in respect of agriculture. The problems which have arisen with the Common Agricultural Policy (CAP) derive not so much from the Treaty itself as from the structure which has been built on this foundation: a wasteful and interventionist policy which denies many of the principles of the open market which have inspired Europe's trading arrangements in other spheres. In recent years the first steps towards reform of the CAP have been taken, involving price cuts for some products, limits on spending and the running down of surplus stocks. But a great deal more needs to be done. The Government will continue to press the case for a liberal, market-driven policy free of regulatory quotas, set-aside and other supply controls, which nevertheless meets environmental and rural policy goals. This is all the more necessary in view of prospective EU enlargement.

12. Revisions to the Treaty must be agreed by all. We must be realistic therefore about the sort of changes we can hope to achieve at the IGC, just as we are clear about the sort of changes we will not accept. If we were to press ideas which stand no chance of general acceptance, some others would seek to impose an integrationist agenda which would be equally unacceptable from our point of view. We would do better, therefore, to concentrate on achieving sensible amendments in the areas which have been identified for review. If others advance more far-reaching ideas we shall countenance them only if they serve our own interests or meet our essential concerns.

13. In general we share the conclusion of the Study Group which was set up to prepare for the IGC, and which said in its Report to the Madrid Council last December: We consider that the Conference should focus on necessary changes without embarking on a complete revision of the Treaty. The IGC should be about making the Union more relevant and acceptable to the people of Europe; improving practical European cooperation in areas where action at a European level is necessary, and ensuring that the EU does not seek to legislate where it is not needed. It is on this basis that the Government will be approaching the Conference.

IGC Procedure

14. The IGC is provided for in Article N(2) of the Maastricht Treaty. A conference of representatives of the Governments of the Member States shall be convened

in 1996 to examine those provisions of this Treaty for which revision is provided, in accordance with the objectives set out in Articles A and B.

Articles A and B, which establish the European Union and set its broad objectives, also require that the Union should consider: ...through the procedure referred to in Article N(2), to what extent the policies and forms of cooperation introduced by this Treaty may need to be revised with the aim of ensuring the effectiveness of the mechanisms and the institutions of the Community.

15. The Ioannina Informal Foreign Affairs Council of 27 March 1994 agreed to establish a Study Group of representatives of EU Foreign Ministers, the Commission and the European Parliament to prepare options for the IGC. The Foreign Secretary's Representative was the Minister of State at the Foreign and Commonwealth Office with responsibility for European Affairs. The Group met from June to December 1995 and produced its report for the Madrid European Council. This has been made available to Parliament.

16. The Madrid European Council agreed that the IGC will start in Turin on 29 March 1996. No date has been set for the conclusion of the Conference, though it is widely expected to run into 1997. Amendments to the Treaty can be agreed only by unanimity. They cannot enter into force until they have been ratified by all the Member States in accordance with their respective constitutional requirements.

IGC Mechanics

The IGC will be launched at a meeting of Heads of Government on 29 March 1996 in Turin. Foreign Ministers will in principle hold IGC meetings once a month. The Foreign Ministers' sessions will be prepared by a working group of their personal representatives meeting about once a week. There is no fixed end date for the IGC. It is likely to last between one year and eighteen months. The fifteen governments must unanimously agree the text of the new Treaty. It will then be put to all fifteen national parliaments, in accordance with national constitutions. In the UK, Parliament must give its agreement before the Government can ratify the Treaty. When all fifteen States have ratified the Treaty, its provisions will enter into force.

The likely agenda

17. There is no fixed agenda for the IGC. A number of items are specified for examination in the Maastricht Treaty. Other issues have been raised in the Study Group report, in various European Council conclusions and in other decisions and declarations. These are listed in Annex A. One notable omission from the list is

the Economic and Monetary Union (EMU) which is not expected to be discussed at the IGC. The United Kingdom, which enjoys a Protocol securing its right to decide at a later stage on whether it would wish to apply to join a single currency if some others chose to go ahead, has no reason to challenge that expectation.

18. On this basis, the Government expects the following to be the main issues for the IGC:

The legislative process including such issues as subsidiarity and Commission accountability (para 20); Qualified Majority Voting (para 22); The Presidency system (para 28); New Community competences (para 30); The number of Commissioners (para 31); The role of national parliaments (para 33); The powers and procedures of the European Parliament (para 34); The European Court of Justice (para 36); The Common Foreign and Security Policy: general review (para 38); The Common Foreign and Security Policy: defence issues (para 43); The operation of the Justice and Home Affairs pillar (para 48); European citizenship, human rights and non-discrimination (para 54); The employment provisions of the Treaty (para 59); Openness and transparency (para 61); Fraud and financial control (para 63); Budgetary provisions (para 64); The Common Fisheries Policy (para 65); Animal welfare (para 66).

19. The remainder of the White Paper sets out the Government's approach to each of these areas in turn. Our overriding concern will be the protection and furtherance of the national interests of the United Kingdom in a negotiation that is expected to last many months. It would plainly be wrong in such an exercise for any Government to tie its hands rigidly at the outset. Rather, we shall form a considered view, as the negotiations progress, of what outcome would best serve the overall interests of the United Kingdom.

Next section: The Legislative Process

FCO - IGC White Paper: The Legislative Process

The Legislative Process

20. A major factor in people's concern about the European Union is the perception that Europe generates too much legislation which is intrusive, over-regulatory and unclear. People fear integration by the back door. There has been encouraging progress in addressing these difficulties in recent years. The number of proposals for primary legislation has been falling steadily over the last six years (see graph). In 1996 the Commission expects to bring forward only 19 new legislative proposals. This partly reflects the fact that the legislative programme

which was required for the creation of the Single Market is now largely behind us (though there are still gaps, for example in opening up energy markets). But it also reflects a change of approach. The Commission, for example, is now making greater use of consultation papers to gather opinions before proposals are presented to the Council. The Government will nevertheless be pressing for a number of measures to improve the quality of legislation and resist integrationist developments, including:

Subsidiarity: The inclusion of the principle of subsidiarity in the Treaty was a UK success at Maastricht. The principle has been developed at subsequent European Councils in order to achieve a careful balance. On the one hand, as the Commission has said, action at the level of the nation state should be the rule, and Community action the exception. The Community should act only where it has been given express competence, and where action at the European level will bring clear benefits which cannot be achieved by Member States acting alone. On the other hand, it is important that subsidiarity should not be used to avoid Single Market obligations or to circumvent requirements for the proper management of funds from the EC Budget. The Commission has presented regular reports on the implementation of subsidiarity to the European Council, including one to the Madrid Council in December. The next will be to the European Council in Florence in June. In the IGC, the Government will bring forward proposals to entrench subsidiarity further into the Treaty. The UK has suggested including in the Treaty elements of the subsidiarity guidelines agreed at the 1992 Edinburgh European Council. This idea was picked up in the IGC Study Group report. The Government will also press for more systematic consultation by the Commission of business, parliaments and other interested parties, before introducing proposals for new legislation.

Sunset Clauses: The UK has proposed the automatic withdrawal of Commission proposals if not adopted within a certain deadline. We have also supported a proposal for greater use of sunset clauses in Community legislation providing for expiry or automatic review after a fixed period. Both these ideas were picked up in the IGC Study Group report.

Deregulation: The Government will continue its efforts to reduce the regulatory burdens of European law. Not all this work requires Treaty change, and most of it will continue outside the IGC, but it is none the less important if we are to achieve a more effective and competitive Single Market which will generate new business and new jobs. Our paper UK Priorities for Regulatory Reform has called for improved systems for developing new legislation, a rolling programme of

reviews of work areas of legislation (we have suggested Standards and Food Hygiene as particularly ripe for review in 1996), and amendment or repeal of specific directives which are particularly burdensome - the UK has suggested eight examples. The Madrid European Council of December 1995 strongly supported action in this area. The Commission has been invited to report on progress to the Florence European Council in June.

European Court of Justice opinions on legal bases. The Government is considering a proposal to enable the Council to seek an early opinion from the European Court of Justice where one or more Member States dispute the legal base which the Commission recommends for a proposed measure.

Comitology. Comitology refers to the committee procedures adopted when the Council confers powers on the Commission for the implementation of certain acts. The Government is considering proposals to improve these procedures.

Limitation of Community action. The Government is considering ideas for limiting the scope for Community action in certain areas, in particular to prevent the health and safety article being used for social policy by the back door and to prevent fiscal measures being tacked onto single market or environmental proposals.

Enforcement of legislation. The Government is considering ideas for improving the monitoring and enforcement of European legislation. In particular, we are considering annual reports by the Commission on its monitoring activities, clearer rules of procedure for complaints, a more systematic approach to enforcement by the Commission, and better use of Article 171 (which provides for action by the Commission and the European Court of Justice to ensure that Member States comply with their Treaty obligations).

21. Some have proposed that a so-called hierarchy of norms should be introduced to distinguish between different categories of legislation, some of which might be managed by the Commission with minimal Council oversight. The Government opposes that approach.

Qualified Majority Voting

22. The weighted voting system (or qualified majority voting) works against the background of a political agreement known as the Luxembourg Compromise whereby, in the last resort, a Member State may insist that where it has a very important national interest at stake in a particular decision, discussion should continue until its fundamental problem has been resolved. There is no question of weakening this national safeguard at the IGC. As agreed at the informal Foreign Affairs

Council in Ioannina in March 1994, however, the JGC will be discussing the arrangements for majority voting, and notably the weighting of votes in the system. The JGC will also consider the scope of majority voting within the Treaty (ie the Treaty articles to which it applies).

i) Arrangements for Majority Voting 23. In the present voting system the UK, like France, Germany and Italy, wields 10 votes out of 87. Yet these four Member States represent more than two-thirds of the EU's population. The Government believe there is a strong case on grounds of democratic legitimacy for increasing the relative influence of the more populous Member States. At present, the system gives one vote for every 200,000 Luxembourgers but only one vote for 8 million Germans or 6 million people in the United Kingdom, France or Italy. Without reform, the bias against the more populous Member States, which are also the largest net contributors to the EC Budget, will become even further pronounced with the accession of more, mainly small, states. Malta has only 400,000 inhabitants, Cyprus 700,000, and Estonia 1.5 million. An EU

of 27 members, (ie containing all the current candidates for accession) would include 15 with populations of less than 10 million people (about the size of Greater London), and only six (including the UK) with populations of more than 30 million. The EU must decide how to weight votes in the Council to reflect such differences.

24. Two broad approaches have been suggested for overcoming the present bias. The simplest solution would be to change the numbers of votes accorded to each Member State within the system so that the weighting of votes is in better proportion to the population of each Member State. Another approach would be to establish a second, population-related, criterion. For their adoption, acts of the Council would require both a given number of votes and votes representing a certain proportion of the EU's population. In both cases a decision would need to be reached on an appropriate voting threshold. A system which allowed countries representing a significant percentage of the EU's population or the major net contributors as a group to be outvoted would not be acceptable to the UK.

Country	Qualified Majority Votes	Number of members of European Parliament	Commissioners	Population (millions)
Austria	4	21	1	8.1
Belgium	5	25	1	10.1
Denmark	3	16	1	5.2
Finland	3	16	1	5.2
France	10	87	2	58.0
Germany	10	99	2	81.6
Greece	5	25	1	10.4
Ireland	3	15	1	3.6
Italy	10	87	2	57.1
Luxembourg	2	6	1	0.4
Netherlands	5	31	1	15.4
Portugal	5	25	1	9.4
Spain	8	64	2	39.2
Sweden	4	22	1	8.8
United Kingdom	10	87	2	58.2
TOTAL	87	626	20	570.7

25. Population cannot be the only factor in determining relative influence. Other less tangible factors such as the sovereign right of even the smallest states to have a say

and a Member State's global political responsibilities are also relevant in achieving a sensible balance. The Government therefore believes that the four largest

Member States should continue to have equal voting weight and that the smaller Member States should have reasonable influence within the system. Of the two approaches described above, it might be easier to reflect these wider considerations by changing the number of votes within the current system than by introducing a second voting criterion.

ii) **Scope of Majority Voting** 26. The scope of majority voting was extended by the Single European Act of 1986 and at Maastricht. Majority voting now applies to a wide range of issues such as the single market, agriculture, transport, external trade questions and most decisions on research and development and environmental issues. Unanimity has been retained, however, for issues of particular national sensitivity. Unanimity applies, for example, to decisions on such matters as Treaty change, new Community resources, tax questions, and new accessions to the European Union. It also applies within the Common Foreign and Security Policy and cooperation in Justice and Home Affairs (except where partners agree unanimously that certain implementing measures can be decided by majority).

27. At a time when there is serious public concern about the centralisation of decision-making, the case has not been made for making it easier to override the objections of Member States in matters of particular sensitivity. The Government will therefore oppose further extension of qualified majority voting. We do not accept the argument that unanimity in those areas to which it currently applies would be incompatible with effective decision-making, even in an enlarged Union. The EU has been able to reach decisions on highly contentious issues such as the Maastricht Treaty itself and the 1992 financing package - in spite of the unanimity requirement. Unanimity ensures that decisions on the most sensitive issues take proper account of vital national interests - as they should.

Next section: Institutions

FOU - IGC White Paper: Institutions

The Presidency System

28. Under the current system the Presidency of the Council of Ministers is held by a different Member State every six months, according to an agreed rotation. This arrangement is likely to be discussed in the IGC. The Conference will need to consider whether the present system would remain appropriate in a much enlarged Union, especially if a number of very small countries join as we hope and expect. In a Union of 27 Members which included the Baltic States, for example, would it be sensible that each Member State (whether the size

of Latvia or Malta, or of Germany) should hold the Presidency for six months every thirteen years?

29. The Government sees some attractions in so-called team Presidencies of three or four Member States presiding for a year or even longer. This could be particularly well suited to the CFSP pillar, where the presence in each team of one of the large Member States with global foreign policy interests would bring extra credibility to the EU's external representation. But the Government also acknowledges practical problems with this approach, and is examining whether other models can be found which would improve on existing arrangements.

New Community competences

30. The IGC is required to consider the case for new Treaty chapters on energy, civil protection and tourism. The Government, however, opposes the extension of Community competence in these areas. It welcomes the confirmation by Jacques Santer, President of the Commission, that the Commission, for its part, will not be seeking more competences at the IGC.

Number of Commissioners

31. The Government will continue to work for a more efficient, streamlined and accountable Commission which concentrates on effective enforcement of European law, proper financial management and strong action against fraud. It is right that the IGC should re-examine the current system whereby the size of the college of Commissioners is determined by the number of members of the Union (with two Commissioners, however, for the large Member States).

32. The Government understands the importance which Member States attach to having their own Commissioner. With further enlargements, however, it may not be appropriate to retain the present system. The IGC will consider how to achieve an acceptable balance. Among other options it has been suggested, for example, that large Member States might always appoint one Commissioner, while smaller Member States did not always enjoy this privilege; there might be a two-tier Commission, with voting and non-voting members, or one in which not all Commissioners were given specific portfolio responsibilities.

The role of national parliaments

33. National parliaments remain the primary focus of democratic legitimacy in the European Union, holding national Ministers in the Council to account. The Government is keen to develop this role and is considering a range of ideas, some of which have been suggested

by Parliamentary Committees. These include making the main elements of Maastricht Declaration 13 (on the role of national parliaments) legally binding by entrenching them in the Treaty; including a minimum period for parliaments to scrutinise Community documents and notably draft legislation (with exceptions for urgent cases); and a greater role for national parliaments in the Justice and Home Affairs Pillar.

The European Parliament

34. The European Parliament is a young institution which already plays a significant role in the European legislative process. Yet, despite its directly-elected status, it still lacks popular respect and affection. This is demonstrated, for example, in the very low turn-out at European Parliamentary elections.

35. The Government believes that the European Parliament is most likely to win public support, and develop its role, by the responsible exercise of powers it already enjoys, and particularly by monitoring and restraining Community spending; by contributing to the fight against fraud and mismanagement; and by doing more to oversee details of spending by the European Commission. The Government does not feel, however, that the European Parliament needs new powers. Nor do we accept, in a Union of nation states, that the European Parliament can displace the primary role of national Parliaments. It was given new rights in the Maastricht Treaty, for example to appoint an Ombudsman, to set up temporary committees of inquiry, and to participate more fully in the legislative process through the codecision procedure. The European Parliament has been slow to use these powers effectively. Its Ombudsman was only inaugurated in September 1995, and it set up its first temporary committee of inquiry in December 1995. Conciliation under the codecision procedure which was introduced only at Maastricht, is not yet operating smoothly. The European Parliament has sometimes used its powers under this procedure irresponsibly, to try to force the Council to accept institutional changes not directly related to the legislation under discussion. The Government believes that if the European Parliament is to win public trust and confidence, it will need to demonstrate that it has been using its new powers responsibly.

The European Court of Justice

36. The IGC will provide an opportunity to examine the role of the European Court of Justice (ECJ). The Government is committed to a strong, independent Court without which it would be impossible to ensure even application of Community law, and to prevent abuse of power by the Community institutions. It was

the threat of Court action by the UK and others in 1994 that led to Italy paying the biggest fine in EC history for breaching milk quota rules. In 1995 the Court found that the European Parliament had abused its powers in relation to the EC budget. Britain is scrupulous in meeting its Community obligations. Between 1990 and 1994, for example, only six cases against the UK were referred to the ECJ, compared with an average of 30 for other Member States. Only Denmark (with four cases referred) did better. The ECJ safeguards all Member States by ensuring that partners meet their Community obligations.

37. The functioning of the Court, however, could be further improved. There have been judgments in recent years that have given cause for concern, particularly where they have imposed disproportionate costs on Governments or business, even when they have made every effort to meet their EC obligations. There is concern that the ECJ's interpretation of laws sometimes seems to go beyond what the participating Governments intended in framing these laws. The Government is working up a number of proposals to enable the Court to address these concerns better. These include: strengthening the ability of the Court to limit retrospective application of its judgments; introducing the principle that a Member State should only be liable in damages in cases of serious and manifest breach of its obligations; applying national time limits to all cases based on EC law except where the Member State's failure to implement a Directive is in grave and manifest breach of its obligations; an internal appeals procedure; streamlined procedures for the rapid amendment of EC legislation which has been interpreted in a way which was never intended by the Council; an accelerated procedure for time-sensitive cases; and a Treaty provision clarifying the application of subsidiarity in the interpretation of EC law. The Government will shortly be issuing a Memorandum setting out its proposals in detail.

Next section: Common Foreign and Security Policy

FCO - IGC White Paper: Common Foreign and Security Policy

Common Foreign and Security Policy: general review

38. The Maastricht Treaty established the Common Foreign and Security Policy (CFSP), building on the process of European Political Cooperation which had long been a Government priority. It is strongly in this country's national interest that members of the European Union should speak and act together as much as possible on the world stage, in situations where they have shared interests. Wherever possible we want CFSP to lead from

common analysis, through common policy to common action. At the same time we must be clear that CFSP can never become an exclusive policy which would replace national foreign policy. Where specific British interests are at stake we shall insist upon retaining our freedom of action. We shall not therefore accept a commitment to be constrained by collective decisions which we do not support.

39. CFSP, which is provided for in Title V of the Maastricht Treaty, is a distinct pillar of the European Union's structure (sometimes known as the Second Pillar) under which cooperation is intergovernmental and the role of the Community institutions is strictly limited. Decisions are taken by unanimity (including decisions to allow implementing measures for specific actions to be taken by majority voting).

40. Since the Maastricht Treaty came into force the co-ordination of foreign policy has progressed well, and there have been a number of successful common positions and joint actions under CFSP, as well as important work outside these formal instruments such as the recent strategy paper on the EU's relations with Russia. Common positions have covered policy towards the Ukraine, Nigeria, Burundi and Angola. There have also been joint actions on the Stability Pact in Central and Eastern Europe; Rwanda; the delivery of humanitarian aid in Bosnia and the administration of Mostar; assistance to the Middle East Peace Process including the organisation of Palestinian elections; election monitoring in Russia and South Africa; global demining; and the promotion of nuclear non-proliferation.

41. To build on these achievements during the IGC the Government will be pressing for a more active and effective CFSP while maintaining its intergovernmental character. We have already brought forward proposals to develop coordination between the Member States in planning, analysis and implementation of common policies (see papers at Annexes B and C). These include more regular meetings of the Political Committee which prepares Ministerial decisions, and a strengthening of the CFSP Secretariat. The IGC will look at further options to improve the planning and analysis of the CFSP, as well as proposals designed to increase continuity and coherence. In particular, we are ready to look at the idea of appointing a single figure to represent the foreign policy of the Union to the outside World. The terms of reference for this office would need to be carefully drafted to make clear that such a figure was fully answerable to the Council of Ministers, representing the collective views of Member States, not deciding them. Such proposals will only succeed, however, if they are matched by the necessary political determination on the

part of the Member States to make common policies effective.

42. CFSP is a mechanism for coordinating the national foreign policies of the 15 member states. The machinery is still running in. It can be improved along the practical lines outlined above. It is important to understand, however, that the primary weaknesses in CFSP have been in the formulation and execution of policy initiatives. Decision-making has not been a major problem, though some of our partners have focussed on this as a potential source of future difficulty in the context of further enlargement. The Government does not accept that the unanimity provisions for CFSP are a constraint on its development, nor that CFSP would be strengthened by the introduction of voting models which over-rode the key concerns of particular Member States. If there is no collective will within the European Union to act, it is unwise to try to force action through artificial voting procedures. The Member States have already agreed, at Maastricht, that they should try not to stand in the way of a given policy which has majority support. CFSP will only carry weight internationally if it represents a genuinely common policy, not a majority one.

Common Foreign and Security Policy: defence issues

43. Article J4 establishes that CFSP shall include all questions related to the security of the Union. In Article J4.2 the Union requests the Western European Union (WEU) to elaborate and implement decisions and actions of the Union which have defence implications. The Maastricht Treaty itself stipulates a review of this Article at the IGC. The Government welcomes this review, which should aim to reinforce NATO as the bedrock of European security while strengthening the overall contribution which European countries can make to global and regional security. The United Kingdom will play a leading role in the review as a country with world-wide security interests and expertise and with armed forces whose quality and dedication are second to none. To this end the Government has already tabled proposals for the treatment of defence at the IGC (set out in full in the Memorandum at Annex D which was placed in the libraries of both Houses on 1 March 1995).

44. The Government is keen to develop European defence cooperation, which can also contribute to the achievement of our policy goals and improve the effectiveness of our Armed Forces. But questions of defence go to the heart of national sovereignty. This is reflected in NATO, which has been the keystone of our security since 1949. Except in extremis, forces can only be committed to NATO operations involving the risk of conflict with the approval - always by consensus - of

the North Atlantic Council. Decisions to send service men and women to risk their lives are for national Governments, accountable to national parliaments. They are not matters for decision in the European Union. Member States must be free to act in defence of their national interests. Our proposals are rooted in that conviction. They are also based on our belief in the overriding importance of the Atlantic Alliance as the bedrock of our future security. NATO serves both to secure the territorial defence of its members and to build the security in Europe and further afield on which our prosperity and well-being depends. Sustaining a strong US commitment to European security is an essential part of this. In the new strategic environment military forces are also increasingly likely to be needed for crisis management tasks falling short of territorial defence. The recent deployment by NATO of a Peace Implementation Force in Bosnia demonstrates that the Alliance will often have a central role to play in this respect. But in the case of smaller peacekeeping, humanitarian or other crisis management operations, it will not always be reasonable to expect the United States or Canada to participate. European defence cooperation must therefore be organised in such a way that, while bearing their full share of the burden within NATO and without building new structures that duplicate those already available in the Alliance, European countries are also able to act on their own when necessary.

45. In the Government's view, the WEU provides the best framework for the further development of this co-operation. The fact that its 10 full members are also members of the Atlantic Alliance enables it to maintain close relations with NATO. Arrangements are being set in place to allow it to draw on Alliance assets and facilities for use in European-led operations. Its ability to act on requests from the European Union complements the contribution that the EU can make to security with its own political and economic instruments. The WEU also provides a network of countries with associate and observer status - drawing together 27 European countries in all. This enables it to bring together the widest possible range of contributions, including NATO allies that are not members of the EU, and Central European countries. The WEU has its own Parliamentary Assembly, with competence to discuss issues relating to European defence. Its separate, intergovernmental treaty base ensures that decisions on defence policy are taken by consensus and remain where they belong - with sovereign nation states.

46. The European Union is not equipped to fulfil this role itself. It contains at present four neutral countries which do not share the obligation to mutual defence upon which both NATO and WEU full membership are

founded. It would be quite wrong for these countries to have an equal say in decisions on defence affecting those who do. Nor does the EU have any of the operational expertise or the working understanding with NATO which the WEU has gradually acquired over the last few years and which will be essential to the success of future European-led operations. Finally, it would be inappropriate for the Commission, the European Parliament or the European Court of Justice to have any role in defence decision-making.

47. The Government therefore believes that the WEU should be maintained as an autonomous organisation with its own Treaty base, and that its operational capabilities should be developed to enable it to operate effectively in peacekeeping, humanitarian and other limited crisis management tasks. This is the top priority for the UK Presidency of the WEU during the first half of 1996. It also means putting in place procedures for the use of NATO assets and facilities by the WEU based on the Combined Joint Task Force concept agreed by Alliance Heads of Government in January 1994. Since the WEU's future missions will often involve military and civilian agencies working alongside each other, our approach is based on the development of a reinforced partnership between the EU and WEU. We have proposed a number of measures to promote closer cooperation between WEU and EU bodies, from back-to-back or coordinated meetings of Heads of State and Government to better coordination at working level.

Next section: Justice and Home Affairs

FCO - IGC White Paper: Justice and Home Affairs

Justice and Home Affairs

48. One of the greatest challenges facing modern societies is the fight against terrorism, organised crime, drug trafficking and illegal immigration. Such activities respect no national boundaries. If they are to be effectively addressed, this must be on a multinational basis. The European Union is an important framework for this work.

49. As in the field of foreign and security policy, these are matters of high domestic political sensitivity involving questions of national sovereignty such as the rules governing the admission of third country nationals to Member States, operations of police and customs authorities and the criminal justice system. There can be no question of supra-national solutions imposed on Member States in these areas, regardless of national sentiment or varying social and legal traditions. This area of work therefore requires special procedures. These are provided for in the so-called Third Pillar

introduced by Title VI of the Maastricht Treaty, which is subject to unanimity, and where the Government is firmly of the view that all decisions must continue to be taken on that basis. Under this Title, Member States cooperate on an intergovernmental basis within the single institutional framework. The role of the Commission, the European Parliament and the European Court of Justice is strictly limited. The Government believes that this is the right way to deal with the subjects covered by the Third Pillar.

50. On this basis we have, for example, been working with our partners to combat the serious and growing problem of illegal immigration into the European Union, often organised by criminal gangs. Only a comparatively small percentage of illegal immigrants are detected and returned. In 1994 Member States of the European Union received over 300,000 requests for asylum and there is evidence that applicants seek to exploit differences between different countries' laws and procedures. Organised crime is endemic with many thousands of criminal groupings in the EU and many others established in neighbouring countries, in particular those of Eastern Europe and the former Soviet Union. Many are heavily involved in drug-trafficking which is an industry with an estimated annual turnover of between 400-500 billion dollars. The trade in drugs is not only associated with violent crime but it also gives rise to large amounts of lower level crime as individual drug users seek to finance their addiction by theft and street crime - crimes which are a major source of concern to the public.

51. The Government has taken vigorous action against terrorism, organised crime and drug trafficking in the UK. A Bill to tighten up our asylum rules is before Parliament. The UK's island status enables us to achieve greater security than is possible for Member States with permeable land borders, and the Government has repeatedly made clear that it will take whatever steps are needed to maintain our frontier controls. This national work is complemented by cooperation with our European partners in the Third Pillar to counter the threats posed by terrorism, organised crime, drug trafficking and illegal immigration as far as possible before these problems reach our frontiers.

52. The Third Pillar has achieved a good deal in its first two years of operation. Apart from signature of four important Conventions (on Simplified Extradition Procedures, Fraud against the Financial Interests of the Community, a European Police Office (Europol) and a Customs Information System), there is now closer practical cooperation between the police, immigration and customs authorities of Member States than ever before. In 1995 the Europol Drugs Unit (which is the forerunner of the European Police Office) received 1,474 requests

from Member States for criminal intelligence. As a result, 3,197 requests were forwarded to other Member States. Three-quarters of the requests related to drug trafficking. UK police forces made 281 requests via the UK National Criminal Intelligence Service (more than four times the number in 1994). This work, which continues to grow apace, is making a real contribution to the fight against drug trafficking.

53. But there is much more to do, and it is right that the IGC should examine the scope for making cooperation under the Third Pillar more efficient. The UK has already put forward suggestions for improvement, summarised at Annex E. There are at present four levels of committee which prepare work for the Council of Ministers. We have proposed that this structure should be simplified. The Government is ready to look at other improvements in the arrangements for cooperation in Justice and Home Affairs, not all of which will necessarily involve changes to the Treaty. But change in the nature of the Third Pillar involving, for example, a much greater role for the Community institutions would raise very real difficulties of principle. Nor would the Government accept a transfer of subjects from the Third Pillar into the Community sphere, as some partners have suggested.

European Citizenship, Human Rights and Non-discrimination

54. The Government shares the widespread concern in Europe that people feel alienated from the European Union. In the Government's view, however, popular enthusiasm for Europe and support for the further development of the Union are most likely to be enhanced if the European Union refrains from intrusion in national affairs and unnecessary regulation.

55. The Maastricht Treaty established the concept of citizenship of the Union (as a complement to national citizenship, not a replacement for it). Part two of the EC Treaty establishes rights of citizenship, bringing together the pre-existing rights to move and reside freely within the territory of Member States (subject to certain limitations and conditions) and introducing new rights to vote and stand as a candidate in another Member State; to be protected in third countries by the diplomatic or consular authorities of another Member State where a citizen's own state is not represented; to petition the European Parliament; and to apply to the Ombudsman. The Government supports these rights. It does not consider, however, that the European Union is the right context for the protection of fundamental human rights, or for a general clause, as some partners have advocated, prohibiting discrimination for example

on grounds of gender, sexual orientation, race, religion, age or disability.

56. Fundamental human rights are already protected by the European Convention on Human Rights (ECHR) to which all Member States are party, and which the Union too is bound to respect, under Articles F and K.2 of the Maastricht Treaty. These rights are enforceable through the Commission and Court established by the ECHR Convention. Duplicating the ECHR in the Treaty would serve no useful purpose and might confuse the jurisdictions of the ECJ and the ECHR.

57. As for questions of discrimination, the Government is proud of its national record, and convinced of the adequacy of the legal framework already in place. It believes that the problems of discrimination (particularly on such sensitive questions as race and religion) are best dealt with in this way, through national legislation. Solutions need to be tailored to the particular circumstances and traditions of each Member State.

58. More generally the Government is concerned that the creation of rights would eventually lead to pressure for reciprocal duties. The EC Treaty provides that citizens of the Union shall be subject to the duties imposed by the Treaty, but these have not been developed and the Government believes it is right that they should not be. National citizenship can involve obligations of military service, and nation states impose duties of taxation. The EU, however, is not a state, and should take care not to develop ideas which feed people's fear that it has a vocation to become one.

Employment and the Social Protocol

59. The need to create more jobs is one of the highest priorities in Europe. But the Government will oppose extending Community competence over employment, as some are advocating. It is businesses which make jobs. Creating the right conditions for employment is primarily a national responsibility, as successive European Councils have confirmed. No-one should pretend that jobs can be wished into being simply by legislating for them in the Treaty. The key to creating new employment in Europe is to improve competitiveness and productivity. The European Union nevertheless has a part to play, and it was the United Kingdom that put employment at the top of the European agenda. The Essen framework for Employment, for example, drew on a number of British ideas.

60. It is no secret that other Member States wish to see the UK's Social Chapter opt-out removed at the IGC. The Government's position, however, is well known and equally constant. We were not prepared to accept the Social Chapter proposed at Maastricht. The British

business community overwhelmingly supported that decision because they share our concern that the Social Chapter would damage competitiveness and destroy jobs. To accede to the Social Chapter could generate a one way process in which European employment laws were increasingly imposed on the UK. Decisions in this area should be for companies themselves, which are best able to balance the competing objectives of employees, investors, customers and the wider community. They should not be imposed by the European Community. Within the Social Chapter the UK would risk being outvoted on a wide range of possible Directives on work conditions. The potential costs, in money and in jobs, are enormous. The UK will not give up its opt-out and cannot be forced to do so.

Next section: Other areas

FCO - IGC White Paper: Other areas

Openness and Transparency

61. Much progress has been made in recent years on introducing transparency into the workings of the European Union, for example through open meetings of the Council, the publication of votes when the Council is making legislation and, most recently, an important agreement to publish most of the minutes where the Council is dealing with legislation. The Government attaches priority to openness in the European Union, which brings it closer to people, enabling them to follow and participate in decision-making. The Government is willing to consider further progress in this area in the IGC, but complete openness could have the effect of driving negotiations into the corridors, which would be the opposite of what was intended.

62. It has been suggested that the IGC should attempt a radical simplification of the Treaty to make it more accessible to the citizen. In principle, the Government would welcome simplification, and it should be possible to make progress in this area, for example through the deletion of obsolete Treaty articles. However, many of the ideas for Treaty simplification which have been suggested raise difficult issues because they would modify the substance of the Treaty or alter the institutional balance.

Fraud and Financial Management

63. The level of waste, poor financial management and even outright fraud in the European Union is a source of great public concern. Nothing could be better calculated to generate disillusionment, and even cynicism, about the European enterprise. The Government has played a leading role in forcing this issue onto the European

agenda. We seek significant changes in the Maastricht Treaty to enhance the powers of the European Court of Auditors and the European Parliament in the fight against such waste and mismanagement, (most of which occurs at the level of the Member State rather than in the Community institutions). There is much work in hand in this area, including the recent signing of a major Convention on fraud against the Community budget. The Santer Commission has taken a number of steps to improve the Commission's performance, and the Government welcomes this. We are considering whether there are further Treaty changes which would be likely to strengthen this work. Reform of key European policies, and in particular the Common Agricultural Policy, will also be essential if the fight against fraud and mismanagement is to be successful.

Budgetary provisions

64. There was an Inter-institutional Agreement in 1993 that this IGC would consider the budgetary provisions of the Treaty. The Government, however, shares the majority view expressed by the Study Group set up to prepare the Conference that it would be premature to amend these parts of the Treaty at the coming IGC given that the Community will be reviewing its financing arrangements as a whole before the end of the century.

The Common Fisheries Policy

65. Conservation of fish stocks depends vitally on international cooperation. Europe must have a joint policy in this area. The Government accepts the need for a Common Fisheries Policy - but we must improve the operation of the present policy which has been unevenly enforced; which has failed to overcome the central problem of over-fishing in Europe's waters; and which has proved inequitable in practice. Quota-hopping has been a particular problem, not least because it prevents fishing communities from enjoying a secure benefit from national quotas, thereby undermining the whole intention of the quotas. The Government is determined to address this and other problems in the Common Fisheries Policy and will explore every avenue for that purpose. If Treaty changes are needed, we shall seek them.

Animal Welfare

66. The Government recognises the high level of public concern about animal welfare. Although an important breakthrough was achieved in June 1995 with the agreement to Community-wide rules on maximum journey limits and rest times for farm animals, further progress is needed at a European level to achieve a real and lasting improvement in welfare standards. The Government will put forward a proposal at the IGC

to incorporate the principle of animal welfare in the Treaty. This would build upon the Declaration secured at Maastricht which calls for Community legislation in appropriate sectors to pay full regard to the welfare requirements of animals.

Next section: Conclusion

FCO - IGC White Paper: Conclusion

67. The Intergovernmental Conference has yet to begin. In common with other Member States, the Government is still considering its detailed approach. We may have further proposals to put to the IGC across the range of issues which the Conference will address.

68. The Government's approach to the IGC is constructive, realistic and rooted in the British national interest. We shall have positive proposals to make in a number of areas, including the Common Foreign and Security Policy; the Justice and Home Affairs pillar; voting weights; subsidiarity; the role of national parliaments; the Court of Justice; and animal welfare.

69. The coming Intergovernmental Conference is one important part of Europe's agenda between now and the end of the century, as the EU prepares for enlargement. The IGC needs to proceed in parallel with other necessary work including the reform of key policies, and the need for Member States to improve the competitiveness of their economies. The Conference offers a chance not only to introduce practical reforms but to reassure people that the European Union remains the servant of its members, not a threat to their independence. That is the right way to build public support.

UK: Minister Addresses Parliament on Taiwan Crisis

LD1403183896 (Internet) FCO On-Line WWW Service in English 14 Mar 96

[Speech by Jeremy Hanley, minister of state for foreign and Commonwealth affairs, in an adjournment debate in the House of Commons on 13 March]

[FBIS Transcribed Excerpt] My hF (honorable Friend) the Member for Corby has done the House a service by raising the important and topical subject of Taiwan.

In ten days' time, the people of Taiwan will go to the polls to elect their President — the first time that they have had the opportunity to do so. It represents the last stage in the development of democratic institutions in Taiwan, a development that hMs (honorable Members) can only welcome and applaud. It is therefore a matter of grave concern that the People's Republic of China should be conducting missile tests and military exercises

with the apparent aim of influencing those elections and of intimidating the electorate.

Four missiles have been fired into the sea near Taiwan's two main ports. Aviation and shipping have been warned to avoid an extensive area near the Chinese coast in the strait of Taiwan, where the exercises will include live firing. Such activities have caused anxiety to people in Taiwan — including the British community there — in Hong Kong and throughout east Asia. They have led the United States of America to take precautionary action. Anything that affects the stability of the region that includes Hong Kong affects us all.

Let me make the Government's position clear. We acknowledge the Chinese government's position that Taiwan is a province of China. The Taiwanese should be singularly ill-advised were they to proceed to a declaration of independence or some similar initiative. Our understanding is that the Taiwanese authorities seek negotiations about reunification, not independence.

Equally, on the Chinese side, we have no current reason to believe that the present activity is the prelude to a military attack on Taiwan or that the government of the People's Republic have abandoned their long-standing policy of seeking peaceful reunification, the policy repeated by the Chinese premier Li Peng to our Prime Minister less than two weeks ago. Nevertheless, it is clear that the present position has heightened tensions in the region and is potentially dangerous — indeed disastrous. There is a risk of error or a miscalculation that could have the most serious consequences.

Taiwan is one of the economic powerhouses of east Asia. It is the 14th largest trading entity in the world. As my hF the Member for Corby said, its foreign exchange reserves are the second largest in the world, second only to Japan. For its security, Taiwan has always looked to the support of the United States, which has already backed up its warnings about the seriousness of the position by moving two task forces near to Taiwan. We support and welcome the sensible precautions that the American government have taken.

The risks of any escalation of the present crisis should be evident to all. I hope that all concerned, but especially the government of the People's Republic of China, will pay heed to the dangers and proceed with the greatest possible caution and restraint.

That has been the central message of our own public statements about the matter and of the statement issued at the end of last week by the European Union. The Prime Minister expressed our concerns directly to the Chinese Prime Minister Li Peng when they met in Bangkok at the recent Asia-Europe meeting. We are

continuing to follow the development of the situation extremely closely and will take all further opportunities to urge restraint and peaceful resolution of differences.

Such a path is not only in the interests of Taiwan and the east Asia region, it is very much in the interests of China itself. Even though direct trade is still not permitted by the Taiwan authorities, Taiwanese companies have been among the largest investors in mainland China and the indirect trade is worth billions of dollars.

The astonishing economic transformation of the coastal provinces of China has benefited greatly from this infusion of capital and business acumen from across the Taiwan strait. These substantial economic benefits would be put at risk if the present crisis were to escalate out of control. There could also be consequences of particular importance for us in Britain — but also for China, if the situation led to a drop in confidence in Hong Kong.

I do not wish to be alarmist. The evidence we possess points to intimidation and bellicose activity, but not an attack. The risks at this stage are potential rather than actual. If all sides act with good sense, as I hope and believe they will, calm should return and tensions be relaxed. (passage omitted)

UK Keeps Up Resistance to Europol Plan

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in English 14-20 Mar 96 p

[Article by Thomas Klau: "UK Keeps Up Resistance to Europol Plan"]

[FBIS Transcribed Text] The UK is defying strong pressure from its EU partners to drop its opposition to any attempt to give the European Court of Justice the power to exert legal control over Europol's activities.

In the run-up to a meeting of justice and home affairs ministers next week, EU ambassadors have been trying to find a way out of the deadlock which has hampered the work of the fledgling criminal intelligence agency since it was set up on 1 January 1994.

But so far they have failed to make any headway, with British officials rejecting as "inconclusive" a report from the European Commission's legal services which cites a series of hypothetical cases to highlight the need for a sanitary legal interpretation of Europol's prerogatives.

Confronted with these case studies, the UK delegation has argued that national interpretations of Europol's powers may vary without putting individual liberties or citizens' rights at risk.

That argument is, however, disputed by most other delegations, with several pointing to the risk that a

citizen wronged by Europol might in some cases fall into a legal void and fail to get adequate redress if national courts differed on which member state should shoulder responsibility and foot the bill.

To the ire of some heads of government, the UK is still refusing to accept the opt-out solution suggested as a compromise by the Spanish presidency late last year.

As a result, its 14 EU partners are being prevented from pressing ahead without the UK and devolving the supervision of Europol's continental activities to the Luxembourg Court.

London argues that if it were to agree to the opt-out plan, British judges, although not legally bound to do so, would automatically base their own interpretation of the Europol Convention on rulings from Luxembourg.

As parliaments in the Benelux countries and other EU member states have declared they will not ratify the Europol Convention unless a unitary interpretation of its legal scope is guaranteed, the conflict has reached an impasse and few currently see a way out.

At their summit meeting in Cannes in June last year, EU leaders agreed to find a solution within a year, allowing a deal to be concluded at the Florence summit in June at the latest.

But no progress has been made since then. The rejection of the Spanish compromise, which would have given member states the right to opt into the Court's jurisdiction, means that even the time-honoured opt-out solution has foundered on British intransigence.

Observers put down the UK's harsh stance to the increasingly tenuous parliamentary majority of the British government, which is keen to avoid anything that might provoke Eurosceptic Conservative MPs.

In a number of recent rulings, the Luxembourg judges and their colleagues from the European Court of Human Rights in Strasbourg have declared long-established British practices to run counter to European law.

This has infuriated Eurosceptic Tories, for whom both courts have become symbols of continental interference with British sovereignty.

A further extension of the supreme Court's powers would inevitably trigger a new outburst from the anti-EU right.

With British policemen using the services of the European Drug Unit, the forerunner to Europol more than any other European police force, with the exception of Germany's, Jurgen Storbeck, coordinator of the Unit, has been pressing for a solution to the ratification dispute.

UK: SF Calls Bruton Cease-Fire Plea "Disappointing"

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[By Sian Clare, political correspondent]

[FBIS Transcribed Text] Sinn Fein (SF) today dismissed Irish Premier John Bruton's impassioned plea for a fresh IRA ceasefire as "very disappointing."

Gerry O'Hara, Sinn Fein's Northern chairman, criticised Mr. Bruton for failing to put enough pressure on the British Government for all-party talks during the 18-month ceasefire.

And he renewed Sinn Fein's call for all-party talks without pre-conditions.

He was speaking after Mr. Bruton stepped up his demand for peace during a dinner in Washington last night attended by both Ulster Unionist leader David Trimble and Sinn Fein president Gerry Adams.

The key players in the Ulster talks process are in the United States for Sunday's St. Patrick's Day celebrations. Mr. Bruton is due at the White House today, but Mr. Adams has not been invited.

Mr. Bruton told diners: "We don't need violence any more in Ireland. It's day is done and that's why I say please please to the IRA, please restore the ceasefire."

But Mr. O'Hara attacked the Irish Premier's role during the ceasefire.

"While John Major dilly-dallied and frittered away an opportunity for peace, we don't think John Bruton was forceful enough in making him accountable for that," he said.

"I think John Bruton's comments are very disappointing and there's two points. One is he said what we should be doing is going to the IRA and getting a ceasefire.

"We would point out we've done that. We did that 18 months ago and while the British Government frittered that opportunity, John Bruton wasn't forceful enough," he said.

"The ceasefire was called on the basis that we'd move to all-party talks within three months and John Major wasn't put under enough pressure to deliver on that.

"He reneged on a deal and now the IRA distrust him even more than they did and it's going to be harder to re-instate the ceasefire.

"The second part of that is our electoral mandate. We have an electoral mandate which is being ignored," he added.

He said they wanted peace talks without any pre-conditions.

"John Bruce should represent that to John Major, without any delays, without any pre-conditions we need

inclusive dialogue. That's not happening," he told BBC Radio 4's Today programme.

Germany: Politicians Favor EU Integration, Expansion

AU1403152796 Frankfurt/Main FRANKFURTER ALLGEMEINE in German 14 Mar 96 p 5

[Report by "Sto": "Schaeuble and Thierse Call For EU Eastward Expansion"]

[FBIS Translated Text] Wolfgang Schaeuble, chairman of the Christian Democratic Union/Christian Social Union (CDU/CSU) Bundestag Group, and Wolfgang Thierse, deputy chairman of the Social Democratic Party, have said that European integration should be combined with the EU's eastward expansion. "In this question, Germany has a greater duty than any other nation," said Thierse at a reception marking the 50th anniversary of the re-establishment of the RHEINISCHER MERKUR weekly.

Schaeuble said that the task of the Germans today is to "convey to the East the very gift that we ourselves received 50 years ago, when we were accepted into the circle of European countries." At the same time, he pointed out that "in western Germany in particular," many people are concerned with nothing but defending their gains and, instead of facing the challenge of the future, are rejecting all forms of change, including monetary union and the EU's eastward expansion. "Either we realize that our task is to face changes, or we will regret our timidity later," he said. Thierse referred to a remark made by Berlin Bishop Huber at the reception that freedom manifests itself in solidarity with other people. He said that if, during the further development of the social state, which is now in a crisis, the western Europeans come closer to a society of solidarity, this will help solve major problems in central Europe and especially in eastern Europe. "The point here is to revitalize old European values and furnish them with a fresh force of fascination," he said. "As far as the reduction of unemployment is concerned, we should not only reduce costs and increase flexibility, but we should also make German industry more innovative by means of more intelligent production processes." He said this represents Germany's only genuine chance, because, as far as cheap labor costs are concerned, Germany cannot compete with its eastern neighbors.

Schaeuble said that in view of the impending global economy, Germany is faced with a "revolution" equal to that of the industrial revolution. "Therefore, if we want to create new jobs, there must be greater flexibility in the services sector," he said. "However, Germany's cultural and fiscal independence is not prepared for this."

Schwarz, the political scientist, disagreed with Schaeuble's warning that a deadlock in European integration

policy represents a step backwards. He prophesied that in 10 years' time, the EU will be "only slightly different from today."

Germany: Interior Ministry Official Evaluates Schengen

AU1403124396 Berlin DIE WELT in German 14 Mar 96 p 5

[Report by Christine Schlingmann: "Schengen Agreement Has Proved Itself"]

[FBIS Translated Text] "The Schengen Agreement, allowing uninhibited cross-border travel in western Europe, has proved itself," says Kurt Schelter, state secretary in the Interior Ministry. The agreement came into effect on 26 March 1995. "Although there are still some teething troubles, the philosophy of generosity has proved basically correct," he says.

According to Schelter, the fact that France reintroduced border controls shortly after the agreement came into force has been accepted as an "exceptional rule" by the other Schengen countries, which include Germany, the Benelux states, Spain, and Portugal. "France has agreed to regular checks into this practice, and has already abolished border controls at airports and maritime ports," says Schelter. The reintroduction of French controls is attributable to French fears of Algerian terrorists and the liberal drugs policy of the Netherlands.

Schelter is dissatisfied with the use of the central computer system in which the Schengen countries are supposed to save their data on investigations. "So far, the Schengen Information System has been used mainly by Germany and France," he says. "Southern European countries have made very little contribution to the computerized record." Some 3.7 million items of information have been saved to the Strasbourg-based computer system so far. Germany alone has provided 2.4 million items, followed by France with 1.2 million. Spain with 80,000, the Netherlands with 37,000, and Portugal with just 16,000.

Despite the "acceptability problem" with Schengen, Schelter swears that the unrestricted cross-border traffic has not created any security loopholes. In this context, he refers to the so-called security zone, a belt stretching 30 km each side of the border. Border officials no longer have to stand at actual border crossings, but may make their presence known anywhere within this security zone. In this zone, it is also possible to check suspicious persons. "We are taking the work of monitoring the border zones very seriously," says Schelter. "The laender have developed a feeling of co-responsibility for this, and have accepted the fact that even criminals can travel freely within Schengen."

Schelter said that as a result of the effective controls on Germany's eastern borders, bands of smugglers are transferring their activity to southern Europe. "Above all, Italy is called upon to respect the interests of Germany and France more closely," he said.

The state secretary said that talks with the Scandinavian countries, including Norway and Iceland, on their

participation in the Schengen system are currently under way. "Talks with the Scandinavians on a kind of associate membership of Schengen are on the verge of completion," says Schelter. An agreement to this effect may well be signed at the Schengen Executive Committee's next meeting on 18 April, and could go into effect on 1 May.

France: Foreign Ministry on China-Taiwan Conflict, Iraq

BR1403130796 (Internet) French Ministry of Foreign Affairs WWW in French 13 Mar 96

[Daily Foreign Ministry press briefing by Deputy Spokesman Yves Doutriaux to unidentified journalists at the Foreign Ministry in Paris on 13 March]

[FBIS Translated Excerpt] [passage omitted]

China

[Journalist] Why were the two Chinese dissidents refused entry to France to attend an Amnesty International meeting?

[Doutriaux] The press says that they are in Paris. Consequently, your information does not reflect the facts.

[Journalist] Are there new developments on the China-Taiwan issue?

[Doutriaux] The EU, in its 8 March statement, deeply regretted the firing of missiles. The EU believes that those exercises might increase the tension and increase the possibility for errors which might lead to a conflict.

The EU has called for a peaceful settlement of this issue and urged the PRC to show restraint and limit its activities which could have a negative impact on the region's security. The EU wants a quick resumption of the contacts between both parties.

[Journalist] Will France take initiatives to ease the tension between China and Taiwan?

[Doutriaux] We are concerned about the developments linked to the missile firing campaign. The dispute between Beijing and Taiwan should be settled by peaceful means. An escalation of the conflict would jeopardize the whole region's security.

[Journalist] Do you recognize Taiwan?

[Doutriaux] We recognize one single China.

[Journalist] What is Taiwan in your opinion?

[Doutriaux] We have no diplomatic relations with Taiwan. We have recognized one single China since the early 1960's. We notice that there is a problem between China and Taiwan. We urge China and Taiwan to settle it through peaceful means. There were direct contacts in the past. We encourage both parties to reestablish those direct contacts.

[Journalist] So, you do not recognize Taiwan?

[Doutriaux] We recognize one single China which is the only one to be represented at the United Nations.

[Journalist] Do you intend to take concrete measures?

[Doutriaux] We are calling for the resumption of a direct dialogue. [passage omitted]

Iraq

[Journalist] Do you have information on the problems between Iraq and the special [UN] commission?

[Doutriaux] I understand that those problems have been solved. On the night from Monday to Tuesday [11-12 March], the president of the UN Security Council issued a statement setting out Iraq's obligations regarding access by the international inspectors to its facilities and saying that Iraq's delay in authorizing such access violated the Security Council resolutions.

France: Juppe on IGC Proposals; Favors EU Enlargement

BR1403160496 Paris LE FIGARO in French 14 Mar 96 p 7

[Report signed "S.H.": "Juppe Opts for the 'Open Seas'"]

[FBIS Translated Text] Alain Juppe yesterday spoke on two separate occasions about the stakes of the Intergovernmental Conference [IGC] which will begin in Turin in two weeks. Speaking to the members of the European Democratic Union in Paris City Hall, the prime minister, who is also the vice president of this alliance of European conservative, liberal, and Christian democratic parties, expressed his preference for a European Union at "two distinct levels": a "Union of common law" and, "at the heart of this union, a second, more exclusive but modular circle composed of a small number of states around France and Germany" which would be "ready to go farther and faster in areas such as currency and defense."

The Rally for the Republic [RPR] president stated that there was "no question of creating a European superstate," but, on the contrary, to strengthen the representative bodies of the states, that is the Council of Ministers and the Parliament. Alain Juppe on the other hand would like to see the creation of a "super general secretary of the Council" of Ministers to provide "one voice and one face" for the common foreign and security policy.

To appease the fears of certain deputies, the prime minister said: "The nation state remains more than ever the essential and central meeting place of our democratic contract with citizens, the social and political link between the citizen and his representatives." To stress the important role of the national parliaments — a subject close to the heart of the French deputies — the

prime minister suggested creating a "higher parliamentary council" which "would in particular monitor subsidiarity."

The "Temptation of Decline"

Speaking to French deputies yesterday afternoon the prime minister argued in favor of "a more prosperous and safer Europe that is closer to its citizens." He considered the EU was running "three risks": First, the risk of "dilution" and "paralysis" — and on this point he "hoped for a continuation of the process of European enlargement" — second the risk of "(the leading states) being effaced from the international scene," and third, the risk of "the citizens becoming disinterested." In light of this "temptation of decline," Juppe admitted, "it may sometimes be tempting to give up, but the awakening may be rude and the consequences irreversible."

The prime minister again insisted: "We have the choice between withdrawing or taking to the open sea. While withdrawal may be comfortable in the short term and may ensure our material comfort for some time to come, it is not a real guarantee for the future." Alain Juppe therefore encouraged the deputies to opt for the "open seas" approach, adding that "a larger Europe is a difficult target but is a goal in line with the fundamental interests of our country."

Replying to the Pierre Mazeaud (RPR, Haute Savoie), chairman of the Legal Committee who was afraid that Community acts would take precedence over national constitutions, the prime minister said that the problem of a hierarchy of standards "does need to be raised," and that the government was ready "to look more deeply into this question."

France: Chirac Praises Single Currency to Agricultural Group

LD1403143496 Paris France-2 Television Network in French 1200 GMT 14 Mar 96

[FBIS Translated Excerpt] After his return from the Sharm al-Shaykh summit, Jacques Chirac spent the morning first at the Council of Ministers meeting and then he visited the FNSEA [National Federation of Farmers' Unions], the 50th anniversary of which has been marked by internal strife. Agnes Moliner reports:

[Moliner] [passage omitted] Jacques Chirac set out to give the image of someone who supports consensus and Europe:

[Begin Chirac recording] Without the Common Market, France would not have become an agricultural power of the first rank. Without the strengthening of the European Union, without a single currency, you are right to point out, [FNSEA secretary-general] Luc Guyau, our

agriculture would not be in a position to face the next century. At the inter-governmental conference, we also have to lighten the load of the technocracy, reform and modernize decisionmaking procedures, and give power back to the political authorities [end recording]. [passage omitted]

France: European Minister Outlines French IGC Policy

BR1503101096 (Internet) French Ministry of Foreign Affairs WWW in French 13 Mar 96

[Speech by European Minister Michel Barnier on the EU Intergovernmental Conference to the French National Assembly in Paris on 13 March]

[FBIS Translated Text] Mrs. President, Ladies and Gentlemen Deputies,

My first words will be to express the regrets of Foreign Minister Herve de Charette who is attending the Sharm al-Shaykh Summit along with the president. It is on his behalf, since we work together, that, following the wish of the president of the Republic and the prime minister, we have worked out together the proposals and guidelines which we will defend in this Intergovernmental Conference [IGC]. It is thus on behalf of the foreign minister and the government that I am speaking today.

Ladies and gentlemen Deputies,

The IGC which will open in Turin on 29 March is the first deadline of the new Europe which we must build to ensure our prosperity and our security.

This conference forms part of a process of adapting Europe to the new realities of the continent. Europe has recently undergone major political and economic upheavals, in particular due to the collapse of the Soviet Union. The European continent has been experiencing many uncertainties and many hopes. France has a major role to play in this new context. It intends to promote peace, security, prosperity, and liberty in a reunified Europe.

We should not be surprised that there are so many European deadlines from now to the end of the century. It is the Europe of the 21st century which we are constructing.

What are the deadlines?

— The IGC, the subject of our debate today. This conference was called for by the EU Treaty to draw the lessons of the first years of operation of the new treaty.

Its necessity is greater today, at a time when enlargement is being prepared. The European Council at Corfu decided that the reform of the Union's institutions would be a prerequisite to the opening of the enlargement negotiations.

— The transition to the single currency for those states which are capable of doing so, in 1998-1999. You have had the opportunity to debate this recently. We are preparing for the 1 January 1999 deadline with all the determination needed. France will be ready. And, as in a long-distance race, we will certainly not slacken our effort at the beginning of the home stretch, so close to the finish.

— The opening of the negotiations of the "great enlargement," probably in 1998. Europe is preparing to welcome the associated countries of central and Eastern Europe and the Baltics, as well as Cyprus and Malta. It is our historic responsibility. Naturally, the length of the negotiations will vary by country and will depend on the actual degree of preparation of each candidate.

— The renegotiation of the WEU (Western European Union) Treaty in 1998 while the reform of the Atlantic Alliance is underway. The construction of the Europe of defense is one of the major challenges of this end of the century, a central condition for peace and freedom on our continent. France, under the leadership of the president of the Republic, will play a key role in this debate.

— Finally, the revision of the Union's budgetary perspectives after 1999. The current "financial package" does not run beyond that date. It will be a very important negotiation, on which the future of common policies will depend.

All these stages are important for the Europe of tomorrow. All of them are moments of truth for us. We must simultaneously succeed in each of these stages and avoid letting them conflict with each other.

This is why France, with the support of Germany, recommends that the first of these stages, the IGC, be as short as possible and concentrate on the essential issues of the reform of the institutions. In particular, we will ensure that this conference does not reopen the debates on the EMU (European Economic and Monetary Union) and that it does not anticipate the discussions on the common policies or the budgetary perspectives.

The necessity of an ambitious but brief conference is also dictated by the timetable of enlargement: These enlargement negotiations cannot begin before the reform of the Union's institutions. Let us get to the essential issue quickly, to avoid bogging down, to not delay the political reunification of Europe!

Nonetheless, this conference will take place in a climate of skepticism. A climate which contrasts sharply with the hopes raised in Europe at the end of the preceding decade by the perspective of the political union.

At this conference, the challenge for the government, for us, is to respond to this skepticism, to prove once again that Europe and the national interest are linked.

How can we provide such evidence?

— First, by showing that the EU deals with issues of real concern to the citizens. It is time we spoke again of the fundamental subjects, the objectives which were at the origin of the action of the Community's founders. The preservation of peace, which is still fragile on our continent; growth; employment, which must be a priority for the Union, but also and perhaps especially today a project of society for Europe, linking business concerns and competitiveness with social solidarity, cultural factors, and the quality of life.

The time has come, as the president of the Republic stated, to "put man back at the heart of the European project."

Doubts about Europe also arise from its apparent inability to tackle the real problems. It is Europe's usefulness which we must prove once again. The IGC will be the first occasion to do so.

— The EU must also be better understood by citizens. For too long, Europe has been fashioned in silence, in secret. The debate on the ratification of the Maastricht Treaty was the occasion for a genuine public and popular debate in France on Europe, a debate in which the arguments raised were rarely mediocre. A single genuine debate in 45 years: This is what explains the indifference and sometimes the hostility and leads to a lack of earnestness and to caricature.

From now on, the European debate must be permanent, even if it is difficult, because it is difficult. And the European institutions must be more democratic, more transparent, closer to the national parliaments and the citizens.

It is in this direction that the government commits itself to work, during and after the IGC.

Having said that, the EU, which is a unique model in the world, will remain a complex construction and it is better that way.

The Union closely associates sovereign states, which share certain elements of sovereignty and which preserve others. It allies federal-type elements with, in other fields, the full responsibility of the states. Europe is an organization which is evolving, and it must reconcile an

effort of harmonization with a respect for our national diversities.

Let us beware during the IGC of overly simple false solutions, which fail to recognize this complexity of the Union.

— Proving Europe once again also means that its citizens must feel stronger and better protected. There are many reasons for insecurity: Terrorism, drugs, organized crime, and I have in mind other challenges such as the control of immigration. But beyond this, there is also economic insecurity: International competition which is growing more fiercely to the detriment of our jobs. Our public services are confronted with a global movement of deregulation. Our industries and our agricultural sector are suffering from competitive devaluations.

Is Europe the cause of this insecurity? I do not believe so. It is neither fair nor true to always seek the reasons for our own weaknesses or our difficulties in other countries or elsewhere, in Brussels or Maastricht. It seems to be more an inadequate Europe, a Europe which is poorly organized and often divided, which is the cause.

In this competition, and even in this economic war which the world's regions are fighting, the influence of France, the interest of French companies, the protection of citizens and their jobs are found in a Europe which is stronger and better organized.

Let me give two examples:

— The single currency must be achieved. Only this common instrument will enable Europe to have a weight against the dollar or the yen, to be better protected from monetary turbulence, and thus to promote investments. We have accepted sharing our monetary sovereignty in order that we not submit to that of others.

— Only a united Europe can carry weight in the global economic competition against Asia and America. The gross national product of the Fifteen represents \$8,400 billion, the world's largest economy, its leading market. The annual economic growth of the Fifteen represents a creation of wealth three times greater than the economy of Singapore! Each year!

Together, we are stronger. We exist. We carry weight.

This is the conviction and the will which underlie the French goals in the negotiation of the IGC. Prime Minister Alain Juppe will soon have the opportunity to express to you our determination to tackle them.

Madame President,

Ladies and gentlemen deputies.

To succeed in the essential stage of the IGC, the government has established three priorities:

— To reform the Union's institutions with a view to enlargement;

— To bring the Union closer to its citizens; and

— To create a common foreign and security policy [CFSP] worthy of the name.

On each of these priorities, France has put forward strong and ambitious proposals which will probably be — judging from my experience within the think tank and our numerous contacts with our partners — at the center of the conference debates. 1) Our first priority is to reform the institutions before the enlargement.

The Union of the Fifteen functions with difficulty. With 20 or 27 members, there will be paralysis and all popular legitimacy will undoubtedly be lost.

The enlargement will take place. The political reunification of the European continent has been one of the central aspirations of our foreign policy since General de Gaulle's time.

The entry into the Union of these countries with their strong growth potential represents an opportunity for our companies and our agricultural sector, on the condition that the necessary transition periods be obtained, notably for the CAP [Common Agricultural Policy].

The candidate countries for accession also have a strong political expectation of us, a political impatience which is sometimes greater than their economic expectation. Their political vision of the Union is generally close to ours, with a strong insistence on the CFSP and the common defense. We have seen evidence of this in the United Nations, in the vote on France's latest series of nuclear tests.

But without prior institutional reform, this enlargement will fail.

— The weighting of the votes in the Council must be revised to take better account of the real weight of each state.

On this condition, France is prepared to enlarge the area of application of decisions which can be taken by qualified majority. But for certain decisions, unanimity can remain necessary. I have in mind, for example, certain institutional questions, such as the nomination of the president of the Commission. For other subjects, on the other hand — I have in mind the management of the common policies — this unanimity can be a factor of a dangerous blockage in an enlarged Europe.

Naturally, each member state will retain the ability to invoke the existence of a vital national interest to postpone the vote and pursue the negotiations, which is called the "Luxembourg Compromise."

— There is also the Commission. France wants a responsible Commission, a genuine guardian of the treaties and of the common interest, accountable to the European Council. Its members, of which there are too many, often act as the representatives of the sole interests of the states which have appointed them, without a genuine coherence with the action of their colleagues. Collegiality, the initial idea of the institution, is disappearing. The president of the Commission does not have the institutional means for genuine authority.

These malfunctions will only grow worse with the enlargement.

France proposes to reduce the number of commissioners to a number corresponding to that of the genuine portfolios — some 10 — and to give the president of the Commission, nominated by the heads of state and government and invested by the European Parliament, a genuine power to assemble his team.

— To prepare for enlargement, greater cooperation must be allowed between certain member states. These actions will become actions of the Union if the Council so accepts. A major objective of the president of the Republic, shared by Germany, is well suited to a Europe of 20 or 27: The direction of an action is accepted by the Union and certain states decide to go further and faster in this direction, without the others preventing them and without closing the door to the others. This is the method already used, based on objective criteria, by the EMU. This "flexible" method will be especially suitable for CFSP and certain "third pillar" issues (justice and home affairs).

2) To bring the Union closer to its citizens.

The president has expressed this priority: To put man back at the heart of Europe. The European construction thus far has mainly been of concern to companies, bankers, jurists, and diplomats. It is time to bring the Union closer to its citizens and rediscover its legitimacy.

— In the government's view, this involves first of all strengthening the role of national parliaments in the Union's decisionmaking process. The parliaments, the legitimate bodies of the citizens' representation, must have in a timely manner the draft texts up for discussion in the Council.

But we must go further: France proposes allowing the national parliaments to express their opinion at the beginning stages of decisionmaking, in particular to

make a judgment on subsidiarity, on that which must be handled at the level of the Union and that which must remain at the national level. We have thus proposed the creation of a "parliamentary high council," formed of several representatives of each parliament, which would be consulted on subsidiarity and on any third pillar proposal; in other words, a proposal related to justice or home affairs. I will not omit to mention that this idea was proposed by Mrs. Ameline and Catala in a report of your European Affairs Delegation.

As you know, this proposal has met with strong opposition among many of our partners who fear the creation of a "second chamber." But the necessity of better associating the national parliaments is beginning to be better understood. We all have work to do, in particular with respect to the other national parliaments, to convince them of this idea.

— In parallel with the better involvement of national parliaments, France desires a more legitimate European Parliament, which first of all means one that is closer to citizens: The process of electing Members of the European Parliament and the Parliament's decisionmaking procedures must be modified in this direction. The IGC will also discuss at length a possible extension of co-decision, but in this field France will oppose any change which might upset the institutional balance to the detriment of the Council.

— Putting man back at the heart of Europe also means making progress in areas of daily interest to citizens: Domestic security is one of these subjects. France is prepared to achieve the progress necessary to better guarantee effective action by the Fifteen against terrorism, international crime, drug trafficking, illegal immigration, money laundering... by choosing in a pragmatic manner the instrument suited to each problem. But France does not envisage significant progress on cooperation in the area of justice and home affairs unless there is a better involvement of national parliaments in these fields.

— Putting man back at the heart of Europe above all means giving back to the Union its social and humanist dimension. The president of the Republic will lay out his proposals himself. We must put employment back at the center of the Union's policies (single market, public works...), without allowing it to be thought that institutional changes will be sufficient to create jobs. Information must also be better disseminated in the Union on various social experiments and in the field of employment in the member states, in order to benefit from our diversity. The social chapter must be integrated into the treaty and made to work better.

We also want to better guarantee, within the Union, the rights of the citizen, and preserve the functions of public service as we know them. These functions have been recognized by recent rulings of the Court of Justice, in terms similar to our concepts. I also note the language of the Commission, in its opinion on the Westendorp report, on the importance of citizens having access to universal services or to services of public interest. The situation is evolving in Europe. We will continue to defend the idea of public service in the Community, without forgetting that the renovation of our public services is first of all a national priority.

Finally, putting man back at the heart of Europe means guaranteeing peace on a continent torn by wars so many times. That is the first goal of the CFSP.

3) To create a common foreign and security policy worthy of the name.

The current gaps and weaknesses are obvious: Lack of visibility; poor follow-up on the implementation of common actions agreed upon; poor coherence among the actions of the Council, the Commission, and the member states. Simply put, at present there is no common foreign policy.

The weaknesses of the European Union in the former Yugoslavia have demonstrated the dangers of maintaining such gaps in a strongly destabilized European continent.

The creation of a CFSP worthy of the name is thus a major priority for France for this IGC. It will be an essential element of the Union's legitimacy in the eyes of our citizens.

— Our idea is, first of all, to assert the central role of the heads of state and government in the field of foreign, security, and defense policy. Only the European Council may decide on genuine common actions, committing the member states, the Council, and the Commission together. Only it can express the Union's common will.

But the European Council needs an instrument to prepare, accompany, and follow up on what it decides. It must be assisted. France proposes that it appoint a senior representative for the CFSP, the voice and face of the Union. This senior representative, appointed by the European Council and responsible to it, will work on the basis of exact mandates of the Council. He will have an analysis and forecasting center in common with the Council and the Commission and will rely on information communicated by the permanent representations of the member states.

At the same time, the CFSP's decisionmaking must be made more flexible: Consensus (with abstention or

reservations) will remain the rule for the principles of action, but a certain flexibility must be permitted in the decision for the implementation. In particular, the CFSP will be one of the areas reserved for the application of strengthened cooperation.

— But at the same time, the Europe of defense must be moved forward. The treaty must indicate more clearly the final objective of the common defense (which is merely outlined in the current treaty), and the European Council must be able to decide more easily on the guidelines in the field of defense and ask the WEU to execute them.

Progress in defense will not be simple in this Conference, due to the strong reservations of certain member states. However, progress is necessary. The introduction of the flexibility clause in the treaty should make this evolution more acceptable for everyone.

The construction of the European defense is not limited to the IGC: The rapprochement with NATO, decided on by the president of the Republic to promote a genuine European defense pillar, is a central element of it. The same is true of the reform underway of our armed forces; the restructuring of our defense industries, in concert with the Germans; the confirmation, after the last nuclear tests, of the reliability of our deterrent force — all these form a whole, with the IGC, intended to advance the defense of France and the Europe of defense. In 1998, the revision of the WEU Treaty must take into consideration all these different developments.

Mr. President,

Ladies and gentlemen deputies,

Here then are the context and content of the French priorities for the IGC.

The IGC is only one stage in the European construction on a road which has many of them from here to the end of the century. But it is an essential and serious stage, in particular because institutional reform is the prelude to the opening of the Union's enlargement negotiations.

The conference must thus be made to succeed. Made to succeed and not simply concluded: For us, this means achieving substantial changes to the Treaty in our three priorities, in conformity with the aspiration which we have for Europe.

This IGC will be difficult. In many member states, domestic political difficulties militate in favor of a great prudence, a great conservatism regarding the European institutions. The risks of a blockage are numerous. They must not be concealed. But at the same time, our ideas are advancing. We want to remain the force offering

proposals in Europe, in cooperation with the Germans. This special dialogue with Germany has never been exclusive or domineering.

Finally, this IGC will be political. Citizens will no longer accept Europe being built as before, in silence. The duty of the government and of the ministers charged with the negotiation shall be to inform and debate, in

a permanent fashion. In this sense, today's debate is a stage of the dialogue which the government wants to conduct with the national representation on the future of Europe.

It is only on this condition that France's European policy will be understandable and legitimate.

Cyprus: Kiriidhis Interviewed on Settlement Process

NC1503093896 Nicosia O AGON in Greek
14 Mar 96 pp 5-6

[Text of an interview with Cypriot President Glavkos Kiriidhis by Yerasimos Zarkadhis and Yeoryios Leonidha of the ATHENS NEWS AGENCY in Nicosia on 13 March]

[FBIS Translated Excerpt] Question: Mr. President, there is talk of initiatives for a Cyprus solution. How optimistic are you about the outcome of the upcoming talks given that talks have been going on for 22 years without results?

Kiriidhis: Talks conducted in the same way as talks in the past, that is, only through the UN secretary general's good offices, cannot lead to a Cyprus solution unless the Security Council is prepared to become actively involved and determined for a Cyprus solution. But it does not seem as if the Security Council is unanimous about such action. The UN secretary general established that talks under his auspices cannot achieve results, because there is no political will by the Turkish side and because the Turkish side throws Security Council resolutions into the garbage can. What emerged, although the Security Council did not get involved as a whole, is the U.S. initiative that began with the appointment of a presidential emissary in addition to the coordinator. This was the first move giving us the impression that the United States would play a role in the Cyprus solution.

The basic question is: Has the United States decided to use every lever at its disposal to change Turkey's approach to a Cyprus solution? Because it is not a question of Rauf Denktas, but a question of Turkey.

Three Initiatives

Question: What are the initiatives for a Cyprus solution?

Kiriidhis: Three initiatives are appearing on the horizon: the U.S. initiative; a British initiative demonstrated recently in a visit by Jeremy Greenstock, British Foreign Office political director; and a European initiative. The British initiative is ready to coordinate and merge with the U.S. initiative. The European initiative is still in its infancy and it seems that there are different views among the EU members as to the European role in the search for a Cyprus solution. One view is that Europe should itself negotiate a Cyprus solution and the other is that Europe should play a role supporting the U.S.-British initiative.

One argument being raised is that since the EU has no joint foreign policy it cannot negotiate; what it could do

is have an observer who would see whether the solution being worked out agrees with "community norms" and, in the event of no progress, brief Europe on who is responsible for the lack of progress. This is one view. Another view is that, yes, there is no joint foreign policy, but a committee could be formed by EU countries to prepare some ideas for a Cyprus solution, submit them for approval by the United Europe [initial caps as published], and then negotiate on these bases. We do not know which view will prevail within the ranks of the United Europe.

Question: You will have talks with Clinton in Washington in June. What is the approach and methodology adopted by Washington on the Cyprus issue? Do they favor a new Camp David?

Kiriidhis: The U.S. side has categorically declared that it will not submit a plan for a Cyprus solution, but will be prepared to help both sides narrow their differences on the basic issues by indicating ideas they might discuss. But they will not submit a complete plan.

It also appears that the U.S. side accepts that progress in the Cyprus solution depends on the basic aspects of the Cyprus issue being clearly determined and the positions discussed collectively with the intention of give-and-take on various issues. But they accept that finding ways to help both communities feel secure is a top priority. These are roughly the signals we have had from the U.S. side. The United States says that if progress is made then the UN secretary general should be called on to use his good offices. But this does not mean that if substantive progress is made they would not think of some process similar to Camp David. For now, however, they have shown no intention of solving the Cyprus issue along the lines of Camp David. One reason is because they are not sure there will be progress.

The U.S. Initiative

Question: When do you expect to see more active U.S. intervention? Before the U.S. election?

Kiriidhis: Our information is that the initiative will be taken in June. They have not set a date but it is rumored that they believe June would be suitable. They have said three things: The initiative could not be taken before a government is formed in Turkey, their intention was to visit Turkey first and then come here, and that they would wait for a government to be formed. They probably picked June for the initiative since we are currently preparing for parliamentary elections in May. But they have mentioned no date. It might be before my visit, possibly afterward.

Holbrooke

Question: Is it rumored that Mr. Richard Holbrooke might return to the Cyprus issue?

Kliridhis: There was some information that Mr. Richard Beattie might give his place to Mr. Holbrooke, but this has not been confirmed. There was some information from certain circles in the [Greek-American] community that there are such thoughts. However, there is no official indication about this.

Question: You recently received some criticism because we had reported that you are allegedly prepared to discuss the question of sovereignty. In his letter to the Greek-Americans, Mr. Clinton brought this issue to the negotiating table in a clear manner, probably for the first time. We would like you to make your views clear on this issue.

Kliridhis: My view is that there can only be a single sovereignty, a single international personality, a single citizenship, and that a federal republic will be established. This is a *sine qua non*. What is left are not questions of sovereignty but matters of jurisdiction between the authorities of the federal government and the two cantons or regions—I do not know what name will we give them—which would be provided for in the Constitution. They will be jurisdictional questions, not ones of sovereignty.

I am against saying that we will not discuss something. This makes a bad impression, and moreover, if I have the freedom to say that I will not discuss the question of sovereignty then Mr. Rauf Denktas will say that he will not discuss the guarantees and insist on the old guarantees. Then where will we be? It is one thing to say you will discuss something, but here is your position. But to say you refuse to discuss these things even violates the resolutions.

The resolutions say that a solution should be found that is acceptable to both communities. How can a solution be found when each one says that he will not discuss this issue? I do not think that we gain international understanding this way. You can say you will not retreat on a question, but if the other side wants to tell you its views, will you say that you do not want to hear them? Then what are you negotiating?

Question: Do we have any indications that the gap between the views of the two sides has been bridged?

Kliridhis: The Turkish side's positions on the basic aspects of the Cyprus issue have remained the same since 1974. The Turks have never stopped pursuing the questions of guarantees, Turkey's military presence, the percentages of Cyprus' territory, sovereignty, an alternating

presidency, equal representation in the federal government, and the issue of consensus on decisions. All that [former President] Yeoryios Vasilou and Rauf Denktas discussed in 1974 remains unchanged.

Question: Therefore, no progress has been made whatsoever.

Kliridhis: No, something very important has happened. For the first time everyone accepts that the question of future security no longer means—as they used to say—that the Turkish Cypriot side must feel safe; security is equally important for the Greek Cypriot side too. This is the first time everyone has accepted that an international force must be created and stationed in Cyprus and that there must be changes in the Treaty of Guarantees so that both sides can feel safe. Another important thing is that for the first time there is agreement between the United States and the EU that Cyprus must join Europe and that Europe has a role to play in the solution of the Cyprus issue. In contrast, what was the situation before?

The Greek Cypriots, Turkish Cypriots, and a UN secretary general tried to find some solutions, but without any levers of pressure. This is the first time that there have been any levers of pressure, but to what extent will this pressure will be exercised remains to be seen when the consultations begin.

Question: You held talks recently with [EU Commissioner] Hans van den Broek and probably with other European officials on Cyprus' accession to EU. Of course, van den Broek's public statement was positive and did not set any conditions. Did van den Broek act in the same spirit in his private discussions with you?

Kliridhis: Yes, in the same spirit. That is, they set no conditions for our membership nor will they permit any vetoes. It is clear that they prefer that there be a Cyprus solution, just as I also desire and seek. I would further say that we have the following scenario: Accession talks will begin, possibly at the end of 1997 or the beginning of 1998; and if we assume that we need one year of negotiations, then we are looking at 1999. [passage omitted]

Question: Would you personally accept a Cyprus solution with the same system of guarantees as in the past?

Kliridhis: No. This is crystal clear; and I find great understanding both from the EU and the United States, when I say that the old system of guarantees has been useless. That is because any tension in Cyprus is not restricted to Cyprus and then solved. Instead the tension is referred to Greece and Turkey, triggers a Greece-Turkey confrontation, and then an international issue results from a communal difference.

I have also said that it is natural with this system of guarantees, during any tensions or differences of opinion, for Greece to support the Greek Cypriot side, for Turkey to support the Turkish Cypriots, for the British not to know what to do because they do not want to do anything. So then the guarantees do work as they are supposed to.

Also the number of guarantor powers must be expanded, so that if anything happens it will be resolved within this larger circle of guarantor powers instead of resulting in a confrontation between the Greek and the Turkish sides.

Question: With this new system of guarantees, even if it is expanded, would you agree to Turkey having a right to unilateral intervention?

Kliridhis: We suggest that this should not be the case. The guarantor powers must establish a force that will be stationed in Cyprus and that must have the right, following a decision by the guarantor powers, to intervene in a demilitarized Cyprus if either side endangers Cyprus' independence, territorial integrity, or the agreement.

Question: How do you interpret Denktas' recent statements on the massacre of missing persons?

Kliridhis: Denktas has repeatedly said this; if not on television, he said so to UN representatives, he said so in 1974 when I was acting president of the Republic, when we were trying to solve certain humanitarian issues, among which was the issue of the missing persons. Denktas claimed that neither Turkey nor he had any missing persons. He accepted that there certain groups might possibly be holding some people in order to eventually exchange them for Turkish hostages, but he had said that in many cases they had been murdered by Turkish Cypriot paramilitary troops to whom the Turkish Army had turned over the arrested people to transfer them to the rear.

He has said this repeatedly, but we have never accepted this position. Our position is that there must be an

investigation; all evidence of their claims must be submitted; if they are aware of the number of people murdered, they should also know where they were buried, and the graves must be found. This has been and still is our position. I sent a letter to the UN secretary general, following Denktas' statements in which I ask that the third part of the Missing Persons Committee be appointed and insist that the investigation of each case must continue on the basis of the criteria agreed upon.

Relations with Athens

Question: How are your relations with the new Greek Government?

Kliridhis: My government's policy has been and will continue to be that irrespective of what party is in power in Greece, the government is Greek, and Cyprus has to cooperate with it on the Cyprus issue. [passage omitted]

Question: Was there proper cooperation during the recent Greek-Turkish crisis?

Kliridhis: During the Imia crisis the two staff offices were in contact every half hour and were kept informed. We were watching for any Turkish movements, if there was any move to deploy troops from other areas, etc. It was my decision not to do anything, so as not to create another point of tension. I decided not to call up the reserves; I said we will keep our forces in the military camps. If they had gone out, then we would naturally have taken measures. We manned all the tanks, we manned our antiaircraft weapons, we manned certain units, but all inside our camps.

The reason for this is that any move could increase tensions. Additionally, I can say that 15 Turkish tanks had set out from the mountains. They were going toward Yerolakkos; two of them had technical problems and remained there, while the other 13 took up positions at the confrontation line. But a transfer of 13 tanks did not justify calling up the reserves. [passage omitted]

Turkey: Yilmaz Comments on Ties With EU, Greece

TA1503092996 Ankara TRT Television Network
in Turkish 1800 GMT 14 Mar 96

[FBIS Translated Text] Prime Minister Mesut Yilmaz returned to Turkey this afternoon. He was received at Ankara Esenboga Airport by Birkan Erdal, under secretary at the Prime Minister's Office, and other officials.

In a statement at the airport, Yilmaz said that issues discussed at the political level such as in the EDU [European Democrat Union] are later reflected in official policies, and that he therefore believes that it is important to participate in such meetings. He said that both in his address at the EDU meeting and during his bilateral contacts, he had stated that it is not sufficient to stress only Turkey's importance to Europe. He added that he had asked the European leaders to help with the further development of the relations between Turkey and the EU, and especially with the full activation of the Customs Union [CU], including its financial aspect.

[Begin Yilmaz recording] One of the questions I was asked most frequently during these contacts concerned the tension we experienced in our relations with Greece a short while ago. I pointed out that our attitude regarding this issue is clear, that even though there are certain problems between the two countries, for their solution, a dialogue without preconditions must be started first. I said that before everything else, we attach great importance to the establishment of a mechanism that will prevent the emergence of new crises, and to the establishment of a dialogue through which all problems can be mutually discussed. Everyone I spoke to said how pleased they were that a new government had been set up in Turkey after a long while and that it had received a vote of confidence from the Assembly. I said that with the vote of confidence our government received, political stability has been established in Turkey, but that we must shortly carry out an important reform program in the country, and that in order to implement this program we need the support of the EU member countries. [end recording]

Yilmaz explained that this support can be in the form of participation in the privatization projects, and in larger European investments for the build-operate-transfer projects in Turkey.

Yilmaz said that the Motherland Party has told the EDU that it agrees to the membership of its coalition partner, the True Path Party, in line with the status of the union.

The prime minister said that during his visit he had the opportunity to meet the leading press and electronic

media of France, and briefed them on Turkey's internal and external problems.

Yilmaz then replied to reporters' questions. Replying to a question, he said that the meeting of the Turkey-EU Association Council was postponed due to Greece's veto during an EU Ministerial Council meeting. Yilmaz said that the postponement is valid until the veto obstacle is overcome, adding: I hope that the Association Council is able to convene in April or May at the latest. We are holding contacts with the other members of the EU in connection with this issue. We are also expressing our willingness to solve our problems with Greece — as I mentioned just now — so that they will not affect our relations with the EU.

Asked to comment on reports that the 4th Army will be disbanded if a dialogue with Greece is developed, Yilmaz said that this issue was raised by the Greek foreign minister in a recent statement. Yilmaz went on to say that in reply to that statement, he stressed the necessity to start a dialogue without preconditions. He added that within the framework of this dialogue, the two sides will be able to define the problems between the two countries on the one hand, and might start to look for certain specific solutions to these problems on the other. He added: All issues, including the 4th Army issue, and the disarmament of the island, can be discussed only within the framework of such a dialogue mechanism.

Replying to another question, Yilmaz said that the other members of the EU are as disturbed as Turkey by the fact that Greece is sabotaging relations between Turkey and the EU by posing bilateral problems. He stressed that Greece must not mortgage the relations between Turkey and the EU and that this opinion was voiced by all the leaders and officials with whom he spoke. He concluded by saying that he believes these obstacles will be overcome shortly, in one way or another.

Turkey: Council of Ministers Discuss Public Order

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[FBIS Translated Excerpt] The Council of Ministers has announced that Turkey is a state of law and that the supremacy of law in the country will definitely be ensured.

The Council of Ministers met under Prime Minister Mesut Yilmaz for close to four hours last night. In a statement after the meeting, Agah Oktay Guner, culture minister and government spokesman, said that the Council of Ministers discussed the country's problems and the related measures. He said that the Council of

Ministers mainly discussed the public order situation in the country, and reviewed every measure that will ensure that the citizens live in peace and security. He stressed that all citizens are yearning to live in peace, adding: I am happy to say that our people are not in any way supportive of persons and activities that disrupt or try to disrupt public order. He went on to say that the nonparticipation of the people in the face of the recent attempts to create terrorist incidents and anarchy is evidence of that.

[Begin Guner recording] We discussed the Istanbul Gaziosmanpasa incidents. Despite all the illegal provocations and instigations, our citizens did not support the terrorist incidents certain circles tried to create under the pretext of the anniversary of the Gaziosmanpasa incidents, or the rallies organized by the public sector union, EĞİTİM-SEN [Education Workers Union] in Ankara.

The impartial, determined, and calm attitude of our security forces is the main factor that prevented the growth of the incidents. We will continue to pursue this line carefully. Turkey is a state of law, and the supremacy of law will definitely be ensured. [end recording]

Guner said that the ministers also discussed the recent student demonstrations as well as the students' contributions to their education which, it is being claimed, are the reason for the incidents. He explained that a student studying at the Medical School costs the state 360 million Turkish Lira [TL] every year, while the contribution he must make is only TL15 million. Guner recalled that loans are extended to all students who ask for them; this year 107,840 students asked for loans, and they will all receive them. He said that currently more than 1 million youths are enrolled in universities, including open universities, and that so far none of those who failed to pay their fees have had their registration canceled. Not a single of them was told: You did not pay your fees so we are canceling your registration. There is not a single student whose registration has been canceled. [passage omitted]

Turkey: Supreme Planning, Privatization Board Members Named

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[Received via Internet]

[FBIS Transcribed Text] ANKARA — Turkey's new right-wing coalition has named the members of the Supreme Planning Board (YPK) and the head of the privatization office.

The prime minister's press office said that the members of the YPK, chaired by Prime Minister Mesut Yilmaz, were state ministers Rusdu Saracoglu (ANAP), Ufuk Soylemez (DYP) and Yaman Toruner (DYP), Public Works Minister Mehmet Kececiler (ANAP), Industry and Commerce Minister Yalim Erez (DYP), Energy Minister Husnu Dogan (ANAP), and State Planning Undersecretary Necati Ozfirat.

The Supreme Privatization Board (OYK), also chaired by the prime minister, will consist of state ministers Ufuk Soylemez and Rusdu Saracoglu, Finance Minister Lutfullah Kayalar (ANAP) and Industry and Commerce Minister Erez.

A statement released from the Privatization Board (OIB) said its Deputy Chairman, Ergin Nural, had been appointed acting chairman. Nural is succeeding former acting Chairman Metin Ercan. He served at executive posts at three privately-owned company groups, Cihan, Alarko and Pet.

Prime Minister Yilmaz will take direct responsibility for privatization. The premier's decision to take personal control of privatization was disclosed in a statement signed by Yilmaz, detailing the roles of government ministers, the semi-official Anatolia news agency said.

The coalition agreement reached last week between Turkey's two center-right parties pushed Turkish shares to record levels on optimism about the coalition's ability to push through sell-offs. The privatization process, which is a priority for both coalition parties, has been stalled by court challenges and revenues generated by the sell-offs lag well below the target of \$2.7 billion last year. Turkey raised some \$600 million through sell-offs in 1995.

Bulent Ecevit, leader of the Democratic Left Party (DSP), is now expected to challenge the privatization plans of the new government. Ecevit has served notice he was prepared to oppose the coalition's plans for social and economic liberalization.

Last week Yilmaz bowed to DSP pressure and omitted from the new government's program plans to privatize social security bodies. Moreover, a prominent member of the DSP led the recent campaign to block the sell-off of the telecommunication giant Turk Telecom.

Aside from privatization, the prime minister's duties will include management of state planning and money and credit coordination.

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